

Graca and Madiba / South Africa's Long Romance

To Mrs. Machel, Life With Mr. Mandela Is All About Independence

By Sally Quinn
Washington Post Service

JOHANNESBURG — She takes her place at the lectern, adjusts the microphone and looks down at the audience. Nelson Mandela sits in the front row. A gentle smile comes over her face.

"Madiba," she says softly, addressing him as "Revered One," as if there were nobody else in the room.

Mr. Mandela, lawyer, freedom fighter, survivor of torture, beatings and 27 years of imprisonment, symbol of resistance to apartheid, world hero and president of South Africa, smiles. His eyes mist, his face lights up, his grin spreads across his face, his shoulders straighten.

Later she will say about his reaction, with a knowing and wistfully laugh: "Yes, yes. He deserves those small things."

Graca Machel is the woman he loves. The woman he will admit has him "blooming like a flower."

She is the woman who rescued him from the terrible loneliness after his breakup with Winnie Mandela soon after he was released from jail. She is the woman everyone in South Africa suspects he will marry, despite her increasingly weaker protestations to the contrary. She is already, in effect, the first lady of South Africa.

She is also a lawyer, widow of the former president of Mozambique, a former freedom fighter, former minister of education in Mozambique and supervisor of last year's UN report on "The Impact of Armed Conflict on Children."

She is 52. He is 79.

Mrs. Machel rarely gives interviews. She knows that though she wants to talk about her work with children, the reporters always want to talk about her relationship with Mr. Mandela. She is right.

In the living room of Mr. Mandela's private home in Johannesburg, Mrs. Machel is in negotiations with six rambunctious boys, aged between 6 and 10. The house is a large white-washed building surrounded by a tall wall with a guardhouse manned by two guards, and Mrs. Machel lives here with Mr. Mandela when she

is in South Africa. Right now the boys are playing video games, and she is trying to persuade them to leave.

"You can go to your grandfather's study," she cajoles. They won't hear of it. All of them protest at once.

Mrs. Machel shrugs, gives up. This formal room has been co-opted and turned into a playroom. The side porch will have to do for the interview.

She kicks off her shoes, curls up her feet under her and grins expectantly. How does she feel about the reverence with which she is generally viewed?

"Please," she begs, "don't compare me with Madiba."

"I'm not like him," she says. "I don't know whether I want to be like him. He's the kind of person who will be history for a long time."

They met for the first time in Mozambique in 1990, shortly after his release from prison. Mr. Mandela had come, at least partly, to see her. Before his death in 1986, President Samora Machel had asked Oliver Tambo, president of the African National Congress, to look out for her and the children if anything happened to him.

But when Mr. Machel's plane went down under suspicious circumstances, Mr. Tambo, weakened by a stroke (he died in 1993), was unable to give the emotional support he had promised. When Mr. Mandela was freed, Mr. Tambo asked him to play the protective role.

Mrs. Machel went to the airport to greet him. "I wanted to see him set his feet on the soil," she said.

It was there that Mr. Mandela had said he first knew Graca was the one for him. He had skipped past her in the receiving line, not knowing who she was. When he was told, he hurried back and greeted her again. At that



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moment, he has related to friends, it happened.

It was then, she says, that Mr. Mandela "took over the concern" of her and her children from Tambo. "He was not a formal godfather, but after many years, when we started to have this relationship, of course now he is the father of my two children."

Now that they are together the two of them have become almost icons. Mr. Mandela is treated by many as some sort of saint.

"Oh, come on!" she says with a laugh. "He's a human being." But then, growing serious: "There is a myth about him. That he built up. He is a symbol and we need those

symbols, those myths. They help us to move in those directions of the ideal. They push us in our best instincts to try to be role models."

But when you come to know him, he's a very simple and very humble person. He cares about the little things in life. He's very gentle. He makes sure everyone around him is very comfortable, feels well and strong. He needs to have human touch. It's very normal and touching. He is a mix of greatness that is a symbol and very simple and humble. It's important to be a symbol but he is not a saint. He has weaknesses.

One of them, she says, is that "sometimes he is not very patient in discussions of very important things."

"Once he's made up his mind, he tends to be very stubborn," she said. "He doesn't accept that he's wrong."

She grins and slaps a reporter on the knee in mock anger, complaining that the subject was supposed to be children, not Nelson Mandela.

In fact, she rather likes talking about him, although she seems to think the subject ought to be taboo. But she becomes equally passionate describing her work, particularly with children of war.

Her interest in children grew out of her work as education minister in Mozambique, a position she held for 10 years, even after her husband died. She talks about visiting refugee camps and seeing mothers holding dying children and begging for her help.

"I feel like crying. You feel so powerless. I don't take easily those situations. I don't hide my feelings. Those are the weaknesses. I can't help it. I tend to be very emotional. My feelings are stronger than my rationality."

In Mozambique, she has a foundation of her own, which she continues to run from South Africa, where she is spending more and more time. In South Africa she has been speaking on children's issues to the Truth and Reconciliation Commission, which investigates human rights abuses during apartheid, as well as to nongovernmental organizations.

DOES SHE HAVE more power now to get things done because of her relationship with Mandela? "It's not something I like very much but it's true," she says, and it's obvious that she's conflicted on the subject. Then quickly, almost defensively, "But I have a reputation of my own."

She added: "I want to keep my independence. I want people to see me as myself and not a reflection of somebody else. I cherish very much my independence."

She had been honored the night before at a dinner given by the New England Circle, a Boston-based "global citizens roundtable," for her work with children.

When Mr. Mandela entered with Mrs. Machel it was as if royalty had walked through the door. They hardly had time to eat for the number of people coming over to greet them.

After Mrs. Machel had concluded her remarks, Mr. Mandela, sitting in the front row, crooked his finger at her. She dutifully rose and walked to the edge of the platform, where he was waiting. With that he took her hand, pulled her down toward him and gave her a big kiss, to the stunned delight of the crowd.

Today she does not say they won't get married. She has been the one resisting the idea, to protect her independence, her identity. The idea of being married to a man like Nelson Mandela would be daunting to anyone. Is that what stops her?

She pauses and frowns. "This is a hard subject," she says. And then finally, as if she has resolved the issue: "It wouldn't be that I would be giving up my independence. Madiba respects my independence. It wouldn't be that. It's not us. We are O.K."

She leans back and smiles a contented smile. "Actually," she says, "nothing would change."

Vietnam Bares a Rebellion by Peasants

In a Move Toward Liberalization, It Escorts Newsmen to Site of Revolt

By David L. Loefer
Los Angeles Times Service

QUYNH HOA, Vietnam — Last summer, a remarkable event occurred in this isolated commune: Peasant farmers protesting corruption, high taxes and lack of government responsiveness rebelled against their local leaders, taking hostages and disrupting the rice harvest.

The uprising, which spread to other locales and lasted several months, unleashed nightmarish visions in Hanoi. If the Communist regime lost the support of peasants — who make up 80 percent of Vietnam's population of 74 million and represent the regime's main bulwark — what was to stop it from losing control of the whole country?

Hanoi also worried because the peasants were not just unemployed dissidents. Many were former soldiers. Their province, Thai Binh, was a birthplace of resistance against Japanese invaders and French colonialists.

Thai Binh — population 1.8 million — sent off a half-million of its young men to fight the Japanese, French, Americans and South Vietnamese between 1940 and 1975. Forty-seven thousand were killed. More than 1,800 mothers lost two or more sons.

Hanoi initially responded to the rebellion in the province, about 100 kilometers (60 miles) southwest of Hanoi, with predictable silence. It banned foreign correspondents from visiting, then made public in the Vietnamese media a sanitized version of the disturbances.

Last month, in a turnabout nearly as remarkable as the rebellion itself, Hanoi escorted 18 foreign correspondents to the scene of the worst violence, Quynh Hoa, where local officials talked with surprising candor about what had gone wrong. It is believed to have been the first time the Vietnamese have invited journalists to report on what was essentially an unfavorable story.

"We led the fight against foreign invaders, but to tell you the truth, we made some mistakes in economic management," said Phan Nguyen Duyet, the commune's Communist Party secretary. "Our cadre were not well-qualified, and that caused waste."

The decision to invite the journalists

— made at the highest level of the government — came when Hanoi is buzzing with new decrees apparently designed to loosen the constraints of government and win back the confidence of investors.

Foreign investment contracts dropped nearly 50 percent last year, tourism has dried up and the pace of economic reform has slowed drastically. Against that backdrop, Prime Minister Phan Van Khai met recently with 800 foreign business leaders in Ho Chi Minh City to promise that Vietnam would rein in the country's onerous bureaucracy and corruption and start opening up society to create a more favorable business climate.

The businessmen had heard similar pledges from other leaders.

electricity. But Hanoi's new economic policies brought many welcome changes: a narrow road, pumping stations for irrigation, electricity, radios in 89 percent of the homes and television sets in 35 percent, a school with 18 classrooms.

The policies also brought access to more money — mostly government funds designed to "build infrastructure." The Communist cadre running the commune got greedy.

Since 1990, officials said, 20 cadre members had embezzled from \$100 to \$2,000 each from public works projects. "That may not be much money where you come from," said Mr. Duyet, the party secretary, "but here it is a huge amount."

Farmers who complained about the corruption and the size of "contributions" people had to make to each public works project were dismissed as ingrates.

Last summer, they took matters into their own hands. An unknown number of peasants, armed with knives and clubs, took control of the road to Quynh Hoa. They closed the marketplace, interrupted weddings and funerals, prevented some farmers from working in the surrounding rice paddies and stormed the party headquarters, a small compound that functions as a sort of town hall.

When provincial officials sent 20 policemen to quiet things in November, the officers were disarmed, tied up and held hostage for four days. Some were beaten and three were hospitalized, officials said. Two women sent by higher authorities to pacify

female farmers were also taken hostage. The standoff ended without any deaths after Hanoi promised to take action.

So far, 20 of the commune's 37 cadre members have been dismissed. Of the 300 or so peasants involved in disturbances throughout the province, most have been "severely punished" and have undergone "self-criticism sessions" or are awaiting trials.

Western political analysts said the unrest in Thai Binh was indicative of tensions in many of the nation's rural areas, where farmers — although generally supportive of the Communist regime — believe they have too little say in their destiny and insufficient influence on policies formulated by an urban elite.

Kenyan Unions Call General Strike Over Dismissals

Readers

NAIROBI — Kenyan union leaders called a general strike in sympathy with thousands of bank workers who were dismissed after protesting tax increases, officials at the main trade union group said Wednesday.

"A general strike is the decision reached by the labor movement in this country," said George Odiko, assistant secretary-general of the Central Organization of Trade Unions.

He said the union grouping had called a 4:00 P.M. rally in Nairobi on Thursday to seek public endorsement for the action and announce a strike date.

The bank workers action has para-

lyzed banking countrywide. The general strike call was the first major challenge to President Daniel arap Moi since he won a final five-year term as president of the East African nation of 28 million people in December.

The new strike is viewed as likely to undermine economic growth, already slowed by heavy rains linked to the El Niño weather phenomenon.

Last week, the International Monetary Fund said Kenya faced a grim year, with gross domestic product growth declining, the budget deficit rising, inflation climbing and the value of the currency falling.

Mr. Moi, 73 and in power since 1978,

has made no comments on either the IMF statement or the union call.

Mr. Odiko said the secretaries-general of all major workers' groups affiliated to the unions' organization had agreed to call the strike, and their decision had been endorsed by some 5,000 workers camping outside the umbrella group's offices and loudly calling for a nationwide protest.

Some 12,000 bank workers in 42 banks across the country, representing at least 400 bank branches, went on strike Friday to protest an increase in the tax on soft loans and said they would not return to work until it was scrapped. Their employers reacted by dismissing them.

TRAVEL UPDATE

Cathay Pacific Sees a Bright Side

HONG KONG (AP) — Despite the economic turmoil in East Asia, Cathay Pacific of Hong Kong will double daily flights from the territory to London, Los Angeles and Sydney, on July 1. It also will add daily flights to Taipei and Singapore.

Britain Breaks Tourism Record

LONDON (Reuters) — Britain enjoyed a record tourism year in 1997. Tourism officials said their figures showed that 26 million people visited Britain last year, an increase of 3 percent over 1996, and spent £12.63 billion (\$20.9 billion).

The Finnish ferry company Silja will stop carrying passengers across the English Channel, but will continue to handle cargo traffic. (AP)

A British consortium, Legend Court, plans to build a theme park in south Wales that it hopes will create 6,500 jobs, open in 2001 and attract up to 2.7 million visitors a year. (Reuters)

Air Philippines says it will start flying to Hong Kong, Singapore and South Korea this year despite the Philippines' economic difficulties. It will also acquire three Boeing 737s to expand its fleet. (AP)

WEEKEND SKI REPORT

Resort	Depth	U	Mts.	Res.	St.	State	Comments
Andorra Soldeu	40	110	Good	Art	Var	232	at 1100m, mostly good
Austria Ischgl	15	125	Fair	Open	Var	1/3	at 1100m, good snow available
Lech	75	125	Fair	Open	Var	1/3	at 1100m, good snow available
Mayrhofen	0	55	Fair	Open	Var	1/3	at 1100m, good snow available
Obertauern	40	150	Fair	Open	Var	1/3	at 1100m, good snow available
Saalfeld	20	70	Fair	Open	Var	1/3	at 1100m, good snow available
St. Anton	25	210	Fair	Open	Var	1/3	at 1100m, good snow available
Canada Lake Louise	55	125	Good	Open	Pd	33	at 1100m, good snow, generally everything open, 16cm new snow
Whistler	110	370	Good	Open	Pd	33	at 1100m, good snow, generally everything open, 16cm new snow
France Alps d'Huez	75	340	Good	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Les Arcs	30	180	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Avoriaz	120	150	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Chamonix	80	180	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Courchevel	105	110	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Les Deux Alpes	50	280	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Flaine	50	180	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
La Plagne	110	180	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
La Plagne	110	180	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Serre Chevalier	80	280	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Tignes	80	280	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Val d'Isère	80	280	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Val Thorens	80	280	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Germany Garmisch	5	200	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Italy Cortina	50	150	Fair	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Corvara	50	150	Fair	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Cortina	50	150	Fair	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Courmayeur	40	140	Fair	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Livigno	55	135	Good	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Salva	10	80	Fair	Open	Var	232	at 1100m, good snow, generally everything open, 16cm new snow
Norway Galle	70	85	Good	Open	Pd	43	at 1100m, good snow, generally everything open, 16cm new snow
Switzerland Grans Montañas	5	230	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Davos	40	130	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
St. Moritz	5	125	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Murren	20	70	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Seas Fee	50	180	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
St. Moritz	25	80	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Verbier	15	180	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Wengen	10	40	Fair	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
Zermatt	20	140	Good	Open	Var	1/3	at 1100m, good snow, generally everything open, 16cm new snow
U.S. Aspen	140	145	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow
Breckenridge	135	185	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow
Crested Butte	135	185	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow
Maroon	135	185	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow
Park City	140	235	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow
Vail	145	165	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow
Winter Park	185	185	Good	Open	Var	33	at 1100m, good snow, generally everything open, 16cm new snow

Key: U=Depth in cm on lower and upper slopes. Mts.=Mountain peaks. Res.=Resort. St.=State. Var.=Variable. Pd.=Partial. Reports supplied by the Ski Club of Great Britain.

WEATHER

Europe

	Today	High	Low	Wind	Forecast
Algeria	24/25	10/11	30/31	14/17	14/17
Amman	24/25	10/11	30/31	14/17	14/17
Baghdad	24/25	10/11	30/31	14/17	14/17
Bangkok	24/25	10/11	30/31	14/17	14/17
Beijing	24/25	10/11	30/31	14/17	14/17
Bombay	24/25	10/11	30/31	14/17	14/17
Buenos Aires	24/25	10/11	30/31	14/17	14/17
Calcutta	24/25	10/11	30/31	14/17	14/17
Cairo	24/25	10/11	30/31	14/17	14/17
Chennai	24/25	10/11	30/31	14/17	14/17
Colombo	24/25	10/11	30/31	14/17	14/17
Dhaka	24/25	10/11	30/31	14/17	14/17
Delhi	24/25	10/11	30/31	14/17	14/17
Dubai	24/25	10/11	30/31	14/17	14/17
Guangzhou	24/25	10/11	30/31	14/17	14/17
Hong Kong	24/25	10/11	30/31	14/17	14/17
Jakarta	24/25	10/11	30/31	14/17	14/17
Kuala Lumpur	24/25	10/11	30/31	14/17	14/17
London	24/25	10/11	30/31	14/17	14/17
Los Angeles	24/25	10/11	30/31	14/17	14/17
Manila	24/25	10/11	30/31	14/17	14/17
Mexico City	24/25	10/11	30/31	14/17	14/17
Mumbai	24/25	10/11	30/31	14/17	14/17
Nairobi	24/25	10/11	30/31	14/17	14/17
Paris	24/25	10/11	30/31	14/17	14/17
Rangoon	24/25	10/11	30/31	14/17	14/17
San Francisco	24/25	10/11	30/31	14/17	14/17
Singapore	24/25	10/11	30/31	14/17	14/17
Taipei	24/25	10/11	30/31	14/17	14/17
Tokyo	24/25	10/11	30/31	14/17	14/17
Yokohama	24/25	10/11	30/31	14/17	14/17

Asia

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Algeria	24/25	10/11	30/31	14/17	14/17
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Beijing	24/25	10/11	30/31	14/17	14/17
Bombay	24/25	10/11	30/31	14/17	14/17
Buenos Aires	24/25	10/11	30/31	14/17	14/17
Calcutta	24/25	10/11	30/31	14/17	14/17
Cairo	24/25	10/11	30/31	14/17	14/17
Chennai	24/25	10/11	30/31	14/17	14/17
Colombo	24/25	10/11	30/31	14/17	14/17
Dhaka	24/25	10/11	30/31	14/17	14/17
Delhi	24/25	10/11	30/31	14/17	14/17
Dubai	24/25	10/11	30/31	14/17	14/17
Guangzhou	24/25	10/11	30/31	14/17	14/17
Hong Kong	24/25	10/11	30/31	14/17	14/17
Jakarta	24/25	10/11	30/31	14/17	14/17
Kuala Lumpur	24/25	10/11	30/31	14/17	14/17
London	24/25	10/11	30/31	14/17	14/17
Los Angeles	24/25	10/11	30/31	14/17	14/17
Manila	24/25	10/11	30/31	14/17	14/17
Mexico City	24/25	10/11	30/31	14/17	14/17
Mumbai	24/25	10/11	30/31	14/17	14/17
Nairobi	24/25	10/11	30/31	14/17	14/17
Paris	24/25	10/11	30/31	14/17	14/17
Rangoon	24/25	10/11	30/31	14/17	14/17
San Francisco	24/25	10/11	30/31	14/17	14/17
Singapore	24/25	10/11	30/31	14/17	14/17
Taipei	24/25	10/11	30/31	14/17	14/17
Tokyo	24/25	10/11	30/31	14/17	14/17
Yokohama	24/25	10/11	30/31	14/17	14/17

North America

Shower, Windy and rainy Friday and Saturday from London and Paris to Berlin and Munich; heavy rain in Italy from the Southwest Friday and Saturday, but less Sunday. The Northeast could be dry and chilly, but it may rain on snow Sunday. Soaking rain will spread from Texas on east to the Appalachians.

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Asia

Algeria may have some showers Friday, then dry and very mild across northern China. Sunday, an area of soaking rain will cover Sichuan province and eastern Tibet. Tokyo and Seoul will stay dry through the weekend. Thunderstorms will be in southern Vietnam.

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INTERNATIONAL

Weizman Is Re-elected As President of Israel

But Race for Second Term Is Not a Cakewalk

By Serge Schmemmann
New York Times Service

JERUSALEM — The Israeli Parliament re-elected Ezer Weizman to a second five-year term as president on Wednesday, but only after the maverick former air force pilot was compelled to fight off an unusually tough challenge for the largely ceremonial office that is supposed to be above the political fray.

The election was the first one in which an incumbent president was compelled to fight for a second term, though many past races for the office were hard-fought. Mr. Weizman, 73, is the seventh president in Israel's 50-year history.

In a secret ballot, Mr. Weizman ward off a challenge by the candidate of the governing Likud party, a relatively obscure politician named Shaul Amur. The president won by a vote of 63 to 49, with seven abstentions and one absence.

While popular with the public, Mr. Weizman, a former fighter pilot and defense minister, has irritated some Israeli officials with his sallies into politics

and his careless comments. During the last Labor government, he criticized the pace of the peace talks with the Palestinians, but once the process stalled under Prime Minister Benjamin Netanyahu, he intervened to get it moving.

He has also made impulsive comments about women and homosexuals, for which he subsequently had to apologize, and gained the antagonism of Leah Rabin, the widow of the assassinated Prime Minister Yitzhak Rabin for his clumsy speech at Mr. Rabin's funeral.

Evidently out of frustration with Mr. Weizman's tacit criticism, Mr. Netanyahu's Likud party nominated Mr. Amur, a 57-year-old native of Morocco who is mayor of Migdal Ha'emek, a city that has prospered as a center of high technology. Though popular in his city, Mr. Amur is little known outside it, and had been passed over by Mr. Netanyahu for a seat on his cabinet.

Mr. Amur focused part of his challenge on his North African Sephardi heritage, hoping to capitalize on dissatisfaction among immigrant Jews with the largely European Ashkenazi Jews who continue to dominate the political and social scene. The tactic prompted Mr. Weizman to grouse, "I feel I have to apologize for being a sabra" — a native-born Israeli.

But Mr. Amur failed to garner support from the most powerful Sephardi organization, Shas, and on the eve of the vote there was little doubt he would lose.

Israel Radio said that after the vote, Mr. Weizman called Mr. Netanyahu and said, "First of all, we are going to continue to work together, we are going to learn lessons and work together, and don't worry."

Mr. Netanyahu replied, "Precisely. And I have to tell you that I think it is also the beginning of a new era."

Mr. Weizman made the point again in his acceptance speech, saying, "We will sit together and plan our joint life and there won't be any problems. We are both big kids."

While amiable to many officials, Mr. Weizman's straightforward style has made him popular with ordinary Israelis, and he was supported by 70 percent of the public in the race.

His comments, however undiplomatic, often reflect public sentiments, and he is admired for his invariable readiness to visit sites of tragedies or disasters, or to call on the wounded in hospitals. When the border city of Kiryat Shmonah was threatened by rockets from Lebanon in 1996, Mr. Weizman and his wife, Reuma, stayed the night in a bomb shelter there.

Mr. Weizman also enjoys esteem in the Arab world — as a former warrior, as the defense minister closely involved in the Camp David process that led to the 1979 peace with Egypt and as a president who has actively defended the Oslo process against Mr. Netanyahu.



Shaul Amur, above, holding his head as the vote for president of Israel went against him in the Knesset on Wednesday. He was conferring with a Likud party ally, Pini Barash. At left, Mr. Weizman and his wife, Reuma, greeted the press after his re-election. Israel Radio reported that after the vote, Mr. Weizman called Mr. Netanyahu and said, "First of all, we are going to continue to work together, we are going to learn lessons and work together, and don't worry." Mr. Netanyahu replied, "Precisely. And I have to tell you that I think it is also the beginning of a new era."

ISRAEL: High Court Justifies Detention of Lebanese Prisoners

Continued from Page 1

any specific cases in which the Lebanese might be used, their initial capture was linked to Israeli efforts to free Captain Ron Arad, an Israeli Air Force navigator who was shot down over Lebanon on Oct. 16, 1986.

Captain Arad was originally held by the Amal militia in Lebanon, but negotiations over his release foundered, and he was transferred to an Iranian-backed group. He was never heard of again.

After that, according to Mr. Rish, Israel and its Lebanese allies of the South Lebanon Army captured a number of Lebanese men in their 20s and 30s. Ten of them were tried in 1986 and 1987 for membership in hostile organizations and sentenced to prison terms, and when these expired, they were put in admin-

istrative detention. The most prominent captures came later. In 1989, Israeli commandos kidnapped a Hezbollah cleric, Sheikh Abdel Karim Obeid, and in 1994, the Israelis seized Mustapha Dirani, the Amal leader who originally held Captain Arad.

Unlike the earlier group, the capture of these two was given considerable publicity. Sheikh Obeid went on Israeli and American television in 1991 to plead for the release of Captain Arad.

The Israeli authorities have allowed the Red Cross to visit all the detainees except for Sheikh Obeid and Mr. Dirani, who have been kept isolated.

Mr. Rish said he learned of the detainees by chance when, as a member of the Association for Civil Rights in Israel, he was making a routine visit to the prison in Bersheba in 1992. He was barred from a wing, and learned from

warden that a group of Lebanese nationals was being held there.

He won a visit, and filed suit in 1994 to have the men released. Mr. Rish argued that, under Israeli law, people can be held in administrative detention only if they themselves pose a threat to the security of Israel.

"As long as there is no direct evidence that these people are endangering the security of Israel, and the only purpose is in having hostages, then it's illegal and immoral," he said.

Mr. Rish argued that there was no evidence Captain Arad was alive.

"When you lock people up for so long, you have to have some clear evidence there is a reason for it."

Besides, he said, there were 70 Lebanese nationals serving sentences in Israeli prisons who could be used in prisoner exchanges.

It's for Water, Libya Partner Says of Pipe

By Tom Buerkle
International Herald Tribune

LONDON — Libya and its British engineering partner dismissed as "fantasy" Wednesday the suggestions of some Western security experts that a huge water pipeline project had secret military uses.

Bashir Saleh, the general manager of the project, said the authorities planned to invite Western reporters to visit Libya next month to see the project, which officials said was rapidly coming onstream.

Some Western security analysts have questioned the 4-meter (13-foot) diameter of the pipeline, which could be wide enough to hold vehicles, as well as several underground caverns.

But the officials said all the facilities involved — pipelines, pumping stations and reservoirs — were designed for water alone. The project has been built underground to reduce evaporation, they said.

"We have nothing to hide," he said.

"Our project is a water project." The 3,000-kilometer (1,800-mile) pipeline that extends from deep in the Sahara Desert to Libyan cities along the Mediterranean contains valves and chambers to regulate water flow that "totally preclude the use of the pipes for other purposes," said David Meehan, managing director of Brown & Root North Africa, an arm of the British company that is overseeing the engineering of the project.

Reports of military uses "are a fantasy," he added.

Brown & Root is a subsidiary of Halliburton, a Texas-based oil services company whose chairman is Dick Cheney, a former U.S. defense secretary.

Mr. Meehan and Mr. Saleh, along with other directors of the Libyan project authority and its chief South Korean contractor, Dooh Ah Construction, met with reporters here after attending a technical conference on the pipeline.

While some Western engineers who have visited the project have cited widespread use of American construction equipment, Mr. Saleh said most of it was bought before 1986, when Washington imposed an embargo on U.S. exports to Libya. The embargo has increased some costs, the officials said, but not significantly hurt the project.

"We don't have to use Caterpillar," said Tabet Sala, another director of the project authority.

"We can use other equipment."

Mr. Saleh said the sole justification for the project was an acute shortage of drinkable water near Libyan cities. Severe depletion of coastal aquifers have left the water "as saline as the sea," he said.

CHINA: Tobacco King Is Portrayed as a Criminal Degenerate by Beijing, but He's Still a Hero in His Hometown

Continued from Page 1

large company in China that does not have hidden accounting, secret decision-making, salary tables and lavish perks for managers, all of them invitations to greater financial impropriety.

Corruption is so endemic in China's businesses that no one can accurately see where it begins and ends.

"There is no way to measure corruption in China's state-owned enterprises," said Kenneth Lieberthal, a China scholar at the University of Michigan. "But the fundamental structure of Chinese enterprises provides management with ample opportunities to engage in significant self-dealing."

The hand-in-hand collusion of business and government is at the root of structural problems that underlie the Asian financial crisis in many of China's neighbors. Though China has so far avoided a currency or stock market drive, it suffers from much the same, if not more than, Indonesia, Thailand or South Korea.

Hundreds of company executives were disciplined for corruption last year, though it is widely believed that many thousands more have gone unpunished. Without a working legal system, wrongdoing is typically investigated by "discipline inspection teams" that are heavily political, leaving the well-connected free to flout the law.

What seems most remarkable about

Mr. Chu's case is that it was ever exposed. With no independent media, and no incentive for government officials to admit how bad corruption has become, it is the rare case where the head of a company loses his or her political connections so completely that the case is made public. Yet that is what happened to Mr. Chu, who is now 70.

"Chu thought he was untouchable, after all he had done," said a Chinese executive who works with Red Pagoda, known in Chinese as Hongta Group. "His connections were not as strong as he thought."

In January, the authorities announced that they had expelled Mr. Chu from the Communist Party for "serious economic crimes," a virtual guarantee that he will eventually be charged, tried in court and found guilty.

The official report on his wrongdoing, recently printed in the People's Daily, was almost like a catalogue of how to run a family empire, with Mr. Chu's wife and daughter alleged to have run a vast scheme of bribe-taking.

When Mr. Chu was named general manager of Red Pagoda in 1979, it was a small factory that earned less than \$1 million a year, making a hodgepodge of local brands of cigarettes. Like most state-run companies, Red Pagoda was required to hand over all its profits to the government, while its managers and em-

ployees alike earned less than \$25 a month.

Mr. Chu recognized that, as China's booming economic growth gave ordinary people the buying power to afford cigarettes, promoting the factory's flagship Red Pagoda brand all over the nation was the way to maximize income.

It worked. Red Pagoda became so popular that the official price of \$1 a pack was outstripped by the market price that eventually grew to \$1.50 or \$2. Still

'For every corrupt act,' a scholar said of Chinese business, 'it takes a manager to engage in it and an official to tolerate it.'

operating in a system that required the company only to report income from the official, artificially low price, Mr. Chu found that he could set aside millions of dollars earned at the market price.

Mr. Chu spent some of Red Pagoda's unreported income on new machinery, insisting that his company have state-of-the-art facilities to spur production. He also built apartment buildings for his employees and modern offices for his staff, since waiting for officials to do so might mean waiting forever.

Yet there was a dark side, too. By 1995, when the company rolled more than 100 billion cigarettes, the Red Pagoda brand was so sought-after that dis-

tributors were willing to pay bribes to Mr. Chu and his family members just to get access to his product, even at inflated prices, authorities said.

Since his official salary remained less than \$250 a month, the temptation for graft proved irresistible. The same is true, Chinese executives say, at many large Chinese companies.

"The investigation showed that Chu Shijian abused his power to approve the purchase and speculative profiteering cigarettes from 1991 to 1995," the official report said. "His family members and other relatives received large bribes."

Mr. Chu personally pocketed at least \$1.7 million in bribes, the report said, while his daughter took more than \$5 million and his wife more than \$1 million. But even that is a tiny fraction of the more than \$145 million that Mr. Chu diverted from the government, hiding it in various company bank accounts.

In 1996, Red Pagoda reported an income of \$2.3 billion, though it is anyone's guess how much more was coming in unofficially.

"Only a fool reports his company's income accurately," said another Chinese executive in Kunming, the capital of Yunnan Province. Most companies, he said, operate multiple sets of company accounts, often making it impossible to decipher true sales or profit.



A worker tidying up Tiananmen Square before the party congress.

ZHU: China's 'Economic Czar' Poised to Expand His Power to the Prime Minister's Office

Continued from Page 1

Mr. Zhu's ascent marks a victory for economic pragmatism, and a further step away from the ideologically driven days of Mao Zedong. Once condemned as a "rightist," purged from the party and banished to do rural labor, he is now known as "boss Zhu."

"I'm very pragmatic, and I'm very happy to have somebody very pragmatic become premier of China," said Ye Disheng, deputy mayor of Tianjin.

Despite admiration among those who know him, Mr. Zhu remains largely unknown to ordinary Chinese, and he is loathed by the bureaucrats who have been the targets of his rebukes.

Mr. Zhu once said he wanted to buy 100 bullets, use 99 on corrupt bureaucrats and save one for himself. In one meeting, an official showed off a fancy cigarette lighter. Mr. Zhu said the official could not have afforded it on his salary and fired him on the spot. He also summarily dismissed a senior provincial bank official whose performance did not meet Mr. Zhu's standard. He has threatened to "chop off the heads" of regional bank officials who defied his edicts.

"At a meeting with several hundred

participants, he will put a specific question to a specific individual," Mr. Ye said. "He often criticizes people who aren't prepared."

For all his straight talk on economics, however, Mr. Zhu's politics remain something of a mystery. As deputy prime minister he has been dubbed China's "economic czar." As prime minister his portfolio will be broader. Most analysts say it is unlikely he will initiate political reforms that might distract from or threaten pressing economic measures.

But many people hope Mr. Zhu will prove more liberal or open-minded than his predecessor, Li Peng, who is still associated with the army crackdown that crushed the Tiananmen Square demonstrations in 1989.

Mr. Zhu was born in Hunan Province on Oct. 1, 1928. His father died before Mr. Zhu was born, and his mother died when he was young.

In 1947, he went to study electrical engineering at Qinghua University, China's equivalent of the Massachusetts Institute of Technology. There he joined the Communist-backed New Democratic Youth League. He joined the Communist Party in October 1949, just after the Communist victory over the Nationalists.

By 1952, Mr. Zhu was at the State Planning Commission, responsible for prices, credit and output targets.

In 1957, however, during Mao's "Hundred Flowers" campaign to encourage criticism of the Communist Party, Mr. Zhu criticized a policy of "irrational" high-level growth. Mao abruptly halted the brief campaign and opened an assault on his critics. Mr. Zhu was exiled to the countryside to do manual farm labor.

Mr. Zhu and others were proved right as Mao's "Great Leap Forward" plunged the country into famine in which millions died. In 1962, Mr. Zhu's "rightist cap" was removed and he returned to the planning commission. But in 1970, the fourth year of the Cultural Revolution, Mr. Zhu was again sent to the countryside, this time to feed pigs, tend goats and clean toilets.

He was not fully rehabilitated until 1979, at the end of the Cultural Revolution, when Deng Xiaoping solidified his power. Mr. Zhu sped up the government ranks. He became mayor of Shanghai in 1983 and soon gained a reputation for efficiency.

His most severe test came in 1989, when students led demonstrations demanding greater democracy and a crack-

down on corruption. While in Beijing hundreds were killed in the military assault, Mr. Zhu made a televised plea in Shanghai that persuaded protesters to withdraw relatively peacefully.

Four days after the Beijing massacre, Mr. Zhu published a speech in the city's major newspapers, shunning the official terms "reform" or "counterrevolution" to describe the protests, he wrote.

"The event that occurred recently in Beijing is a historical fact, and historical facts cannot be covered up by anybody. The truth will always come out." The ambiguous statement angered Communist Party hard-liners.

Nonetheless, Mr. Zhu's handling of events in Shanghai became an asset. During his tour of the United States in 1990, with other big city Chinese mayors, Mr. Zhu could field criticism of the 1989 crackdown without sounding defensive.

But his style has not won over everyone. "He is a creature of the state planning system and his instincts are regulation not decentralization of the economy," said David Shambaugh, director of George Washington University's Sigur Center for Asian Studies. "He is not necessarily the maverick liberal reformer many make him out to be."

BRIEFLY

Walkout Paralyzes Zimbabwe Business

HARARE, Zimbabwe — A national strike to protest higher taxes and soaring food prices brought business to a standstill for a second day Wednesday and angered the beleaguered government of President Robert Mugabe.

Most factories were unable to operate. State postal, railroad and electricity maintenance services were shut down. Government departments were undermanned.

Information Minister Chen Chimtengwende accused employers of "economic sabotage" by closing their businesses. (AP)

Paris Sits Out Move By NATO on Iraq

BRUSSELS — France refused on Wednesday to endorse a NATO statement backing the United Nations Security Council's latest resolution on Iraq, diplomatic sources at NATO headquarters said.

The statement, endorsed by the North Atlantic Treaty Organization's 15 other members, expressed "strong support" for the council's insistence on Iraqi compliance with the UN weapons inspection regime, including its threat of "the severest consequences" if these obligations were not met.

Diplomatic sources said France objected to the statement on the grounds that NATO had kept itself at arm's length from the crisis in Iraq, which lies outside the theater of alliance operations. (Reuters)

Sandinista Leader Denies Allegations

MANAGUA — Former President Daniel Ortega, the Sandinista leader, has denied his stepdaughter's claim that he sexually abused her and, backed by his family, dismissed her charges as a "manipulation."

Zolamerica Ortega, 30, made the charge in a letter published on Tuesday in the *Bolsa de Noticias*, a daily newsletter whose audience consists mainly of journalists, diplomats and government officials.

"Since 11 years old, I was repeatedly sexually assaulted for years by someone who, despite his position as father, abused his power," she said in the letter, in which she also denounced her stepfather's name.

Mr. Ortega and his common-law wife, Rosario Murillo, who is Zolamerica's mother, and seven of their children presented a united front to journalists, calling the charges a "manipulation." (Reuters)

One of the glaringly unanswered questions in the official report is how Mr. Chu operated his scam for years without detection by local tax collectors, auditors and tobacco officials. The two Chinese businessmen who did business with Red Pagoda agreed that it would have been impossible to divert such a towering amount of cash without systematically bribing local officials.

For years Mr. Chu was protected politically. His biggest backer was always Pa Chaoshun, a boyhood friend who rose in the provincial hierarchy to become Communist Party chief of Yunnan in 1985.

Mr. Pa remained there 11 years, before he was forced to retire in 1996, the same year that Mr. Chu came under investigation.

Yunnan executives also say that Deng Zhifang, the youngest son of Deng Xiaoping, the paramount leader who died last year, was one of the man, "princelings" — the offspring of China's leaders — who colluded with Mr. Chu.

"For every corrupt act," said Yasheng Huang, a China scholar at Harvard Business School, "it takes a manager to engage in it and an official to tolerate it. Unlike owners of private firms, public officials do not gain economically from efficient uses of state-owned assets. At best, they do not actively punish managers who abuse state-owned assets. At worst, they use their power to benefit themselves."

When Mr. Chu's empire crumbled, it did so quickly. In 1996, his wife and daughter were arrested. Mr. Chu's daughter, Chu Yingqun, died in prison, apparently from suicide.

The official report fails to document accurately another side of Mr. Chu's illegal activity. Because of onerous taxes on domestic sale of cigarettes, businessmen say, Red Pagoda exported millions of dollars worth of cigarettes each year, only to smuggle them back into China, where they could be sold without paying tax.

In Yuxi, however, Mr. Chu remains a hero, even after the publicizing of his alleged wrongdoing.

"After all he did for this company, he should be forgiven," said a financial officer at Red Pagoda, whose 5,500 employees are now led by Zi Guorui. "He's an old man."

The officer, standing outside Red Pagoda's headquarters in Yuxi, gestured at the gleaming skyscraper behind him. "Look at this building," he said. "No one else could have done what Chu Shijian did for us."

The Kunming executive offered a slightly different view. "He did what every other company head in China does," he said. "He just messed up his connections."

ASIA/PACIFIC

Cambodian Convicted Of Smuggling Weapons

Show Trial Is Part of Plan for Prince's Return

By Chris Seper
Washington Post Service

PHNOM PENH — Cambodia's deposed first prime minister, Prince Norodom Ranariddh, was found guilty Wednesday on weapons smuggling charges in a show trial that is part of an international peace plan to allow him to return to the country and take part in elections.

Under the plan, the prince would receive a royal pardon from his father, King Norodom Sihanouk, and not serve any of the five-year sentence.

The trial is part of a Japanese-brokered attempt to salvage the United Nations' \$2 billion effort to build a democracy in Cambodia and ensure that Prince Ranariddh can safely return to take part in the vote scheduled for July 26. His participation is seen as crucial for a free and fair election.

Prince Ranariddh, in self-exile in Thailand, had agreed to the plan but dismissed the charges and refused to acknowledge the proceedings or mount a defense, saying the judiciary is under the control of Hun Sen, who took over in a bloody coup d'état last July.

Mr. Hun Sen and Prince Ranariddh were co-prime ministers in a coalition government elected in 1993, after the United Nations set up a multiparty system.

After the coup, most of the opposition left the country, allowing Mr. Hun Sen to govern unchallenged.

But Mr. Hun Sen needs foreign aid and wants the legitimacy of internationally recognized elections. His version of the coup — that Prince Ranariddh was stockpiling weapons to overthrow him — would be used effectively in the election campaign.

The peace plan calls for a cease-fire between the Hun Sen and Ranariddh forces, who have been fighting near the Thai border, for Prince Ranariddh's forces to sever its ties with the Khmer Rouge guerrillas for the prince to be tried on a pair of charges stemming from the fighting in July, and for King Sihanouk to grant a pardon to the prince once those trials are over.

"We are doing everything to see that Ranariddh can return and to allow him 100 percent participation," said Prok Sokhonn, a senior adviser to Mr. Hun Sen.

A cease-fire has held since last week between Prince Ranariddh's forces and the government. The trial Wednesday was the first of two connected to Mr. Hun Sen's charge that it was Prince Ranariddh who initiated the coup.

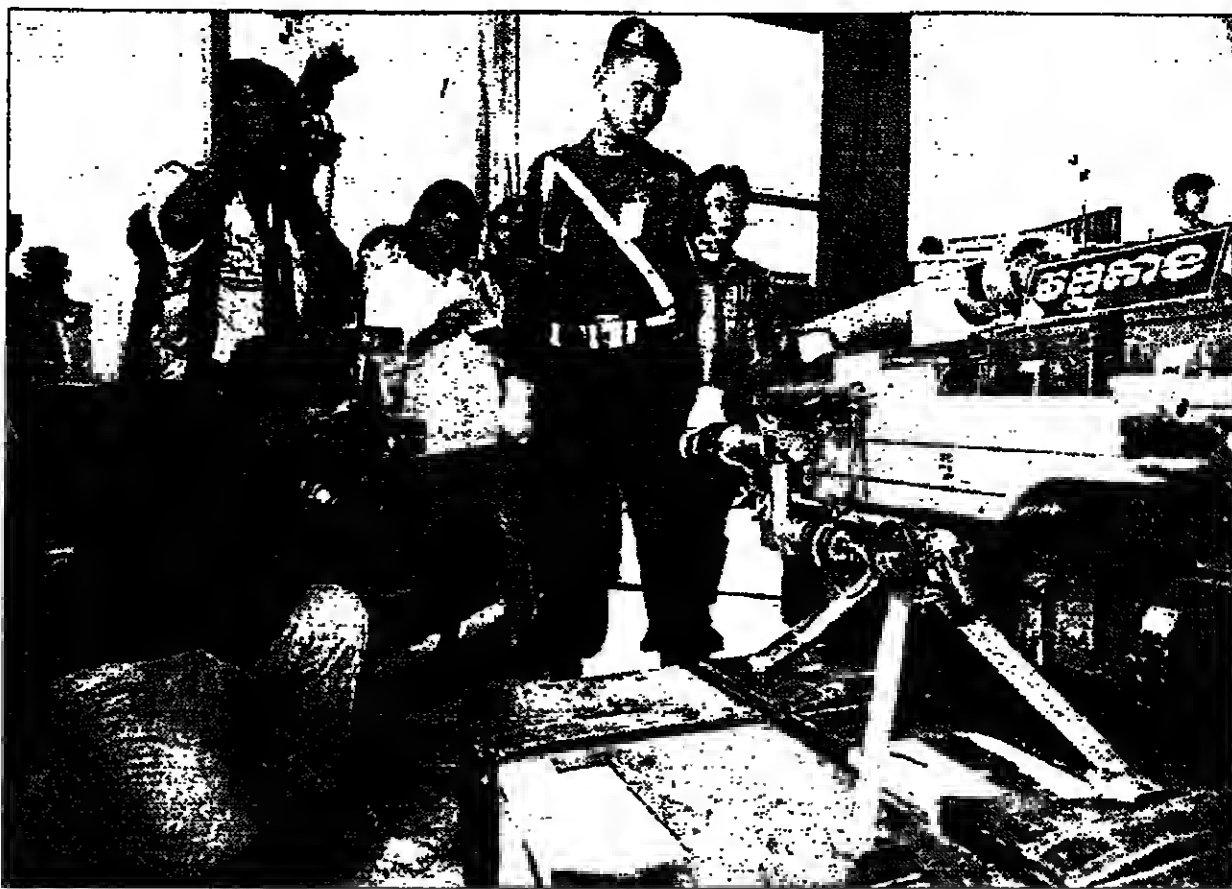
A second trial will be held March 17 to determine whether Prince Ranariddh colluded with the Khmer Rouge, whose 1970s Marxist regime is believed responsible for the slaughter of more than 2 million of its countrymen.

Observers and human-rights workers say that it is far from clear that the Japanese plan can be carried out. There is some question whether King Sihanouk will grant the pardon. He backtracked from an earlier promise to pardon his son and said in a faxed letter to Agence France-Presse that he would only grant a pardon if Prince Ranariddh or a member of the royal family requested it.

Recent comments by Mr. Hun Sen about abolishing the monarchy have fueled speculation that King Sihanouk will stay out of the current dispute.

An aide to the prince repeated Wednesday that he had no intention of asking for a pardon as he believed it would be a tacit admission of guilt.

"There are a lot of issues," said one human-rights observer. "With the prince, we just have to sit tight and see what happens."



A display of evidence presented during the trial Wednesday of the exiled Prince Ranariddh in Phnom Penh.

Kim Dae Jung Names Aide To Overhaul Spy Agency

The Associated Press

SEOUL — President Kim Dae Jung on Wednesday appointed a close aide as intelligence chief and gave orders to overhaul the agency he says once kidnapped and tried to kill him.

Lee Jong Chan, 62, who until recently headed the president's transition team, served at the spy agency during the 1970s, when President Park Chung Hee used it to suppress political dissent.

Despite his background, Mr. Lee is considered to be a moderate conservative.

"Because he has first-hand knowledge of the inner workings of the agency, Mr. Lee will be well-positioned to reform the agency and prevent it from meddling in domestic politics," said a presidential spokesman, Park Ji Won.

During his election campaign, President Kim promised to overhaul the Agency for National Security Planning so that it will focus on its original role of gathering information overseas.

Until the early 1980s, the organization was known as the Korea Central Intelligence Agency. It was used by the country's former military dictators to shadow, kidnap and torture dissidents. Most observers say it has curbed its excesses while keeping a foot in domestic politics.

Fearing he was a threat to South Korea's conservative governments, the agency had painted Mr. Kim as a dangerous Communist for his campaign for greater human rights during the 1970s and '80s.

In 1973, when Mr. Kim was in political exile in Japan, he was kidnapped from a hotel room by KCIA agents. Mr. Kim says U.S. intervention prevented the agents from drowning him in the Sea of Japan. He was released in Seoul several days later.

The new spy chief is a graduate of the Korea Military Academy, which produced former military dictators.

Seoul May Send Food Aid

South Korea is considering about 200,000 tons in food aid to North Korea, a newspaper reported, according to Reuters. The Chosun Ilbo said Thursday that the Seoul government planned to announce its plans on Tuesday.

"The government is considering sending food aid to North Korea through several means," the newspaper quoted a government official as saying.

BRIEFLY

Scores Die in Pakistan Floods

KARACHI, Pakistan — Flash floods swept away hundreds of mud homes in southwestern Pakistan, killing at least 75 people, officials said Wednesday. There were 250 missing.

"The damage is massive," said Noor Ahmed Shah, a government official in Baluchistan Province. "We're trying to get help to the area, but it's still raining and nothing has been able to land."

A Pakistan Air Force C-130 aircraft and several helicopters tried to land in the hardest-hit area, near Turbat, 580 kilometers (360 miles) south of the Baluchistan capital of Quetta, but were forced to return, Mr. Shah said.

Much of the damage appeared to be to homes built along the banks of a usually dry riverbed. Rains that began Sunday gave rise to a torrent that roared over hundreds of homes. (AP)

More Dark News for Auckland

AUCKLAND, New Zealand — Businesses and residents in central Auckland suffering through the 12th day of a power failure got more bad news Wednesday: The blackout will last 10 more weeks. Merchants estimate that they are losing \$60 million a week because of the failure of four power cables supplying electricity to the center of New Zealand's largest city. Two cables repaired by the city's power company, Mercury Energy, failed when tested Wednesday. It will take 10 weeks to run a new cable into the central area.

Central Auckland has been largely deserted since last month, when cables, strained by a heat wave, started to fail. The utility had no backup system. (AP)

such incident in the city in three days. Witnesses said smoke poured from the package when it was opened by a store employee, but no one was injured.

The police cordoned off part of Hennessy Road in the Wanchai commercial district for more than an hour, causing traffic chaos across Hong Kong Island.

The chief police inspector, Douglas Shearer, said: "There was an incendiary device delivered through the mail to the jewelry shop. The device was designed so that when it was opened, it would burst into flames, possibly cause injury to whoever opened it. Luckily, it did not burst into flames."

He declined to comment on the identity of the recipient or the motive. (Reuters)

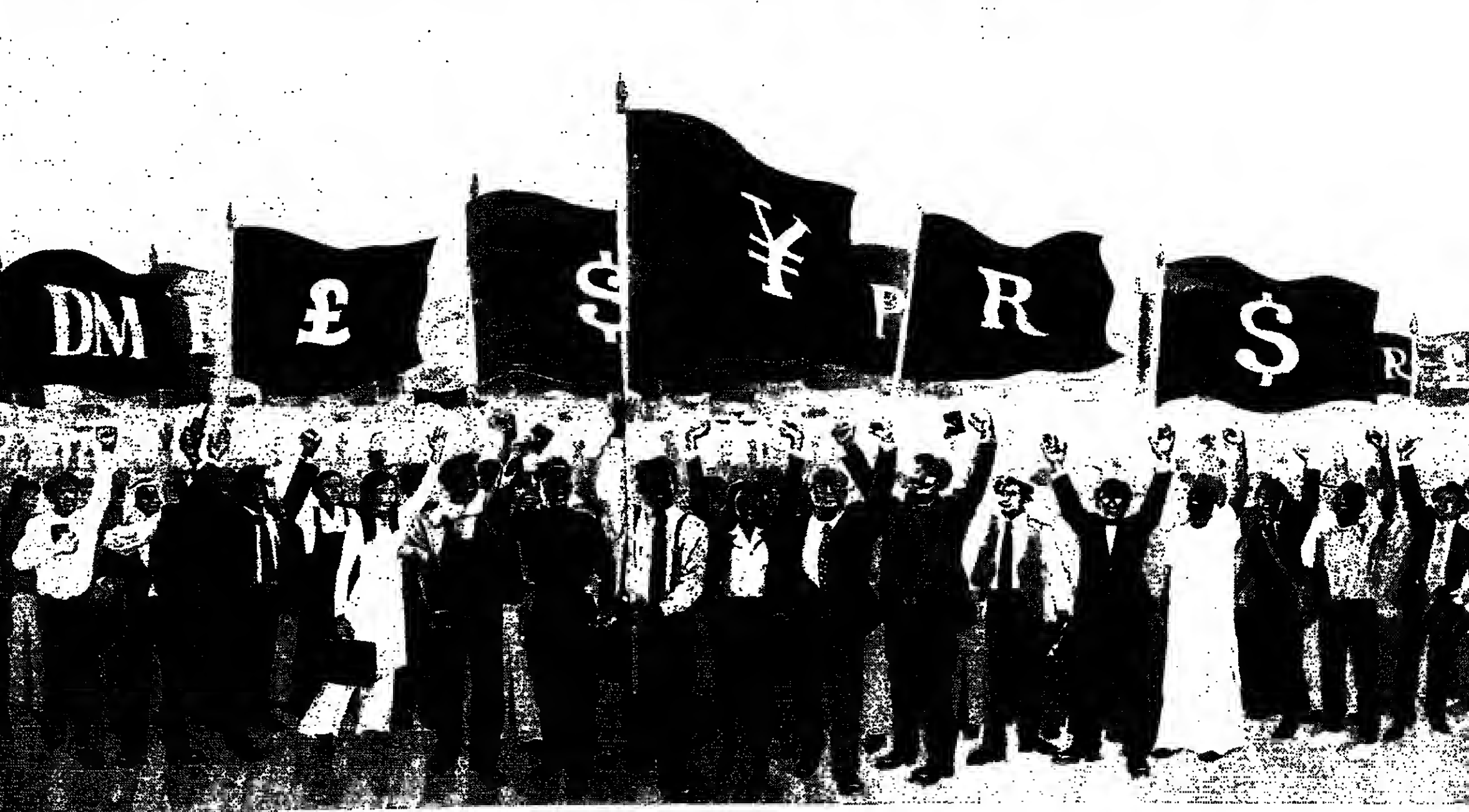
Gunshots in a Karachi Court

KARACHI, Pakistan — A man at the center of a disputed Pakistani romance was shot and critically wounded at a Karachi court Wednesday as he appeared to face charges of abducting his 19-year-old sweetheart. The police arrested seven members of the girl's family after the incident, in which three policemen were also wounded. Kanwar Ahsan, 30, who is from the Urdu-speaking Muhajir community, says he and Riffat Afridi were married after eloping in February. But her family, from the Pashtun community, has accused him of abducting the girl at gunpoint and has named a man to whom it says she was already married. (Reuters)

A 2d Hong Kong Mail Bomb

HONG KONG — A package bomb was sent to a Hong Kong jewelry store Wednesday in the second

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Depressed Armenia Wonders If Victory Was Worth It

By Daniel Williams
Washington Post Service

YEREVAN, Armenia — By now, people here thought things were supposed to be better, much better, in Armenia.

With the collapse of the Soviet Union, this little corner of the Caucasus won long-sought independence. Everyone dreamed of democracy. The country had friends in Washington. Could prosperity be far behind? Armenia even won a little war along the way to puff up its pride.

But almost all has turned sour. Independence brought not the march of democracy but

a stumble toward autocracy. The last presidential elections were widely regarded as fraudulent and, in any case, the winner was recently deposed in what Armenians refer to as a velvet coup.

Victory in the war with neighboring Azerbaijan looks impermanent. That is particularly alarming because the cost of the conflict was counted out only in lives but also in a crippled economy. Even when compared to other hard-pressed republics of the former Soviet Union, Armenia stands out as a loser.

With new presidential elections scheduled for March 16, the country is fast approaching a crossroads. "We had an illusion of greatness

and now we are climbing down from the dream," said Lyudmila Harutyunyan, a sociologist. "Now everyone sees that there must be change and some measure of realism."

The central issue of the campaign is the fate of Nagorno-Karabakh, the small, mountainous, ethnic Armenian enclave that Armenia won from Azerbaijan in a six-year war. Armenians are now debating whether possession of Nagorno-Karabakh stands in the way of Armenia's overall well-being.

Russian-supplied arms and a superior officer corps gave Armenia the victory there. In an elaborate fiction, Nagorno-Karabakh declared itself an independent republic. A ceasefire was arranged in 1994.

Azerbaijan refuses to accept the outcome, and time seems to be on its side. Armenia is weakening. Its borders with Turkey and Azerbaijan are closed, and other outlets, through Iran and Georgia, are tenuous. Soviet-era factories remain shut and unemployment is estimated at 45 percent. A country born to attract a far-flung diaspora is losing population through emigration and a low birth rate.

Azerbaijan, on the other hand, is flush with oil. Lobbyists in Washington promote its cause in Congress. At some point, the combination of wealth and influence may undo the battlefield result, some Armenians fear.

Prominent among the doubters was Levon Ter-Petrosian, the ousted president. Last November, he wrote a controversial essay in which he pressed for compromise as an alternative to further war.

"Let us not be preoccupied with self-deception," he wrote, adding, "On the issue of Nagorno-Karabakh, we have no allies. Our only ally is to reject adventurism."

Unfortunately for Mr. Ter-Petrosian, he lacked the political backing to present such a stark choice. His 1996 election was marred by fraud, and he became remote and dictatorial in the months since. A few phone calls from the Defense and Interior ministries were enough to send him packing; he resigned in early February. "Certain power bodies you all know demand my resignation," he said, using an old Soviet euphemism for the police and army.

Mr. Ter-Petrosian's sin was acceptance of a step-by-step approach to resolving the Nagorno-Karabakh conflict. Under a formula proposed by the "Minsk group" of negotiators, in which the United States plays a lead role, Armenia would surrender some buffer zones to Azerbaijan and allow refugees to go home, while international peacekeepers would be deployed in Nagorno-Karabakh. Talks on the final status of Nagorno-Karabakh would be put off.

Mr. Ter-Petrosian's shift toward compromise grew out of persistent hardship in Armenia. Yerevan, the capital, shows the signs of economic depression. Few businesses are opening, and none of the fresh glitter of new capitalism livens the streets. Building facades are unpainted, youths idle, services lacking. The scene is an improvement over 1993 and

1994, when electricity was cut off and residents burned furniture and books for heat, but there is a feeling the country is going nowhere. "The only option now is a compromise," Mr. Ter-Petrosian warned. "We can't wait."

Meanwhile, Armenia is losing out in the regional oil sweepstakes. It would have been a natural route for a pipeline from Azerbaijan. The pipeline and revenue from it are now likely to go to Georgia. The border with Turkey, regarded as a natural trading partner, is closed in solidarity with Azerbaijan.

"Never have the stakes in Nagorno-Karabakh been clearer," said Vahan Oskanian, the foreign minister.

Opponents of compromise see in such comments the outlines of a sellout. They argue that the sacrifices already made preclude rather than invite a change of heart. Nagorno-Karabakh authorities reject the step-by-step approach. They argue that a solution must come in the form of a package deal, including an agreement about the final status of the enclave.

Acting President Robert Kocharian, the favorite to win this month's election, says he prefers a package deal. Mr. Kocharian embodies the tangled fates of Armenia and Nagorno-Karabakh. He is a native of the breakaway region, and was its president until last year, when Mr. Ter-Petrosian named him prime minister. He is running for president despite a rule that candidates must have resided in Armenia 10 years.

The fate of Nagorno-Karabakh ignites passions in Armenia, and it takes little time for a discussion to turn heated. At a market in central Yerevan the other day, a fruit and nut vendor went at it with a truck driver. Their debate is essentially the one that Armenians will carry on in advance of the vote.

"We should give it back — it's a burden," the truck driver said flatly.

"It's ours," the vendor replied with assurance.

"Then you go fight for it," the driver retorted. A crowd gathered.

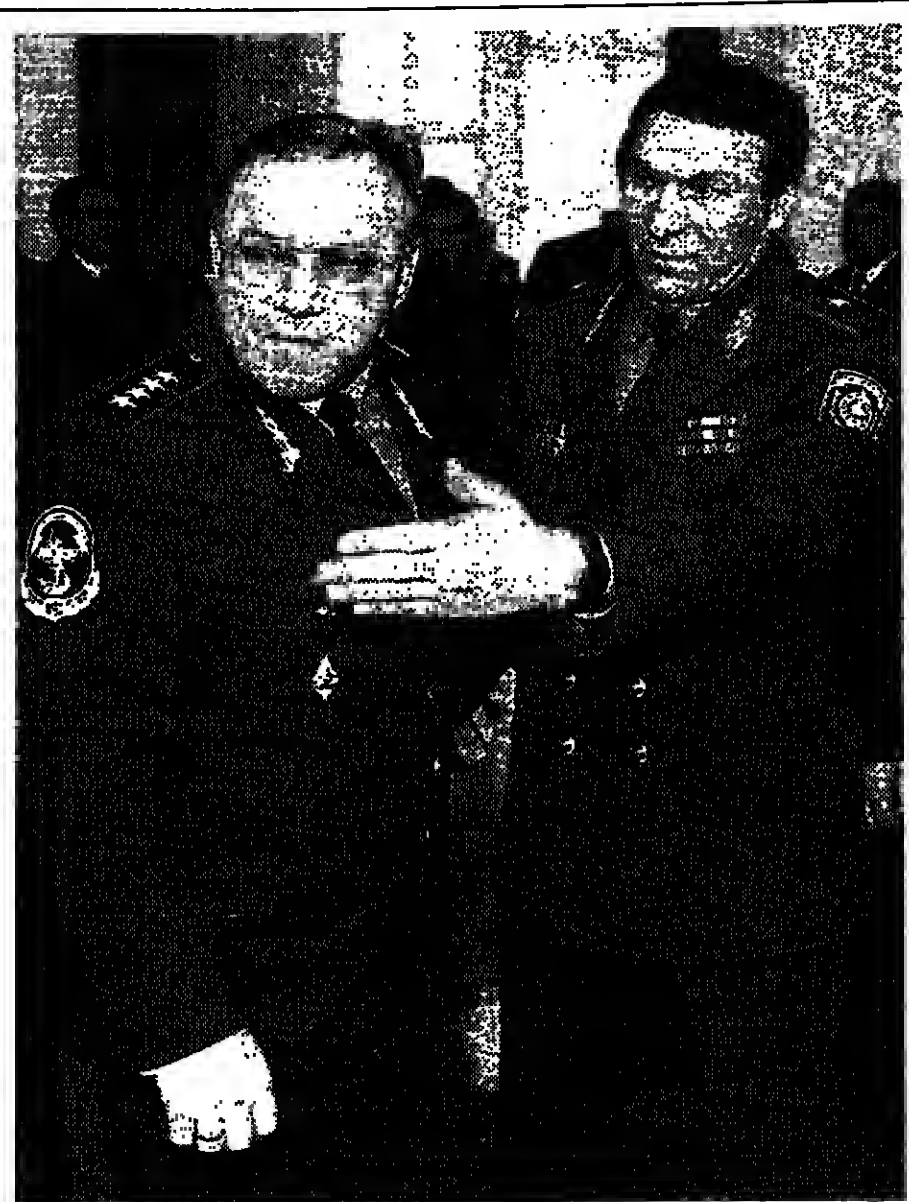
"We can't give it up just so. Armenians have lived there for a long time."

"We must compromise."

The word compromise set off a shouting match over the worth of Nagorno-Karabakh, scaring off the few customers interested only in buying nuts.

Emotions over Nagorno-Karabakh seem to be a legacy of Armenia's tragic 20th-century history. The 1915 massacre of a million Armenians at the hands of Turks forms the psychological landscape of Armenian identity. Violence against Armenians in parts of Azerbaijan in the 1980s revived old fears. Having triumphed on the battlefield, some Armenians are reluctant to surrender now.

"For better or worse, this war gave us self-esteem," said Miss Harutyunyan, the sociologist. "The 20th century started off with humiliation; now we've won a war. Maybe it's emotional, maybe we're the last of the romantics, but this is a feeling that anyone who compromises will have to deal with."



MINSK TALKS — The Belarusian interior minister, Valentin Avdeyevich Gerasimov, right, ushering his Russian counterpart, Anatoli Kulikov, into talks on Wednesday.

Murdoch Says HarperCollins 'Screwed It Up' Over Patten

Owner Criticizes the Way China Book Was Dropped

By Warren Hoge
New York Times Service

LONDON — Rupert Murdoch blamed HarperCollins executives on Wednesday for having "screwed it up" in the clumsy dropping of the publication of a book by Chris Patten, the last British governor of Hong Kong.

The decision, attributed to Mr. Murdoch's desire to avoid antagonizing the leaders of China, where he has large media investments and ambitions, had left him "in a completely inexcusable position," he said in an interview published in *The Times* of London. The newspaper, like HarperCollins, is part of Mr. Murdoch's News Corp.

Managers at HarperCollins last month ordered Stuart Proffitt, the publishing house's top editor, to tell Mr. Patten that his book had not lived up to expectations and would not do well commercially. Mr. Proffitt, who had publicly praised the book as the most lucid and intelligent he had ever read by a politician and a sure best-seller, refused and was suspended.

He is suing HarperCollins for breach of contract as is Mr. Patten, whose memoir is now being published by Macmillan.

Mr. Murdoch faulted his subordinates for inventing "nonsense" reasons why they were reversing course on publishing the book when, he

said, he had been clear from the outset that he did not want HarperCollins involved.

He said he thought the only damage to the firm was "in a PR sense because our people cocked it up at the end."

"I just regretted that our people weren't more forthright about it at the very beginning when I was with them," he said.

Mr. Murdoch said the initiative to get rid of the book had been entirely his and that he had "never been under any pressure from the Chinese or asked to do anything."

He said he had over been enthusiastic about Mr. Patten, who in his four years in Hong Kong abandoned Britain's policy of accommodation with Beijing and sought to spread democracy in the colony, attracting vilifying comments from the leaders of China.

"I think he made a bit of a fool of himself out there after suddenly discovering democracy at the end of a 100-year rule," Mr. Murdoch said.

He added that the issue was being "whipped up by the obvious papers," a reference to a campaign in a number of competing British papers to get the government to act against Mr. Murdoch for "predatory pricing." He has drastically reduced the price of *The Times* in recent years and seen its circulation climb at the expense of its rivals.

The *Times* was faulted last

week for ignoring the story of Mr. Patten's book when every other news outlet was giving it extensive coverage, and Wednesday the paper came under criticism from one of its own writers for allegedly slanting its coverage on China to suit its owner.

Jonathan Mirsky, *The Times*'s former East Asia editor, said: "The *Times* has simply decided, because of Mr. Murdoch's interests, not to cover China in a serious way." In comments made in January but only gaining attention now through an Internet posting, Mr. Mirsky said he had a transcript of a conversation in Beijing between the paper's editor, Peter Stothard, and President Jiang Zemin of China in which the journalist apologized for having put a question to the Chinese leader about the dissident Wei Jingsheng.

No word of the interview was published, Mr. Mirsky said, adding that the episode amounted to "lowering ourselves in our own toilet."

Mr. Stothard responded in a lengthy statement Wednesday, saying that Mr. Mirsky's description of his trip to China was a "travesty of the truth" and asserting that "the China coverage of *The Times* is solely in the hands of the editor." Mr. Stothard added: "I have never taken an editorial decision to suit Mr. Murdoch's interests. Nor have I ever been asked to."

GERMANS: Ex-Soldier, 78, Seized as Murderer

Continued from Page 1

and killed 500 people, including women and children, during a two-day killing spree called "Operation Harvest Festival" in November 1943 at the Majdanek death camp in eastern Poland.

The camp was built in 1941 and became a principal site to kill Jews. By 1944, some 360,000 of the camp's 500,000 inmates had died in its seven gas chambers or as a result of brutal treatment by prison guards.

Ms. Maylaender said preliminary evidence indicated that Mr. Goetzfried and his secret-police unit might have been involved in the deaths of more than 70,000 people,

mostly Jews in Ukraine and Poland, from 1942 to 1943, two years before the war ended.

She said he would remain in investigative custody until a formal prosecution could be prepared.

Arrests of war crime suspects in Germany have become extremely rare in recent years since many have died or long ago fled the country to assume new identities abroad.

The last major trial in Germany involved Josef Schwammberger, the Nazi commander of a Jewish ghetto and slave labor camp in Poland, who was sentenced to life imprisonment in 1992. After German unification in

1990, investigators believed that voluminous and detailed files amassed over the years by East German state security, or Stasi, agents would lead to a new wave of arrests among Nazi war crimes suspects still living discreetly on German territory.

Willi Dressen, head of investigations into Nazi crimes at the central office in Ludwigsburg, said in a phone interview that 28 cases gleaned from the East German files were still under scrutiny.

But he said it was doubtful that most of them would culminate in trials because in many previous instances, the suspects died before investigators could issue arrest warrants.

BRIEFLY

Jospin Pledges Not to Re-Convicted Italian Terror

PARIS — Prime Minister Lionel Jospin pledged Wednesday not to extradite more than 150 convicted terrorists who have been living in France, de facto into the European Schengen free-move

The fate of almost 200 Italian extremists who acts of terror has been hanging in the balance Italy joined the Schengen agreement in October

In a letter received by one of their lawyers, Mr. Jospin said he would abide by a 1985 decision by former President Francois Mitterrand "no people who have renounced their former activities made a new life in France."

Paris Unveils Plan to Aid

PARIS — The Socialist government in Wednesday unveiled a 51.4 billion franc (3 plan to fight deprivation in a country where hold in 10 lives below the poverty line.

The plan was welcomed by President Jacques who was elected nearly three years ago on an ticket, but did little to implement his promises. Labor and Solidarity Minister Martine Auzanet the anti-poverty plan at a regular meeting presided over by Mr. Chirac.

Jewish Wartime Assets For

STOCKHOLM — A Swedish commission gaging Jewish assets lost during World War 649 Swedish bank accounts and safety-de dormant since 1945, the panel announced Wednesday.

The Commission on Jewish Assets in Sweden accounts contained about 7.5 million Swedish (\$937,500), and were held by people representing various nationalities.

War Crime Suspect Surre

SARAJEVO, Bosnia-Herzegovina — A 41 indicted for war crimes by the international tribunal in The Hague surrendered to NATO-led peacekeepers Wednesday. "He turned himself in early oon," said Lieutenant Commander Loui spokesman for the peacekeepers.

Dragoljub Kunarac, 37, handed himself over troops at a base in the village of Filipovici, 11 north of Foca in southeastern Bosnia. Garneau said. A commander of Serb vol during the 1992-95 Bosnian war, Mr. Kunarac by the tribunal with orchestrating sexual assault, Bosnian women and raping three victims including a 15-year old girl.

Truck Hits London Palace

LONDON — A truck driver crashed through Buckingham Palace and was arrested after it stopped by a barrier. Police said the truck involved in collisions with several vehicles hitting the palace. The driver was released on b

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Pierre BELLON
CHAIRMAN AND EXECUTIVE OFFICER
OF SODEXO ALLIANCE

EUROPE

After the Rampage: Bodies of 14 Kosovo Albanians Return Home



Ethnic Albanians in Kosovo on Wednesday mourning those killed in the Serbian police sweep over the weekend.

By Chris Hedges
New York Times Service

LIKOSANE, Yugoslavia — A red Mercedes truck rumbled past a yard filled with distraught women sitting on wooden planks set on concrete blocks and unloaded its cargo of 14 mutilated corpses in a farm shed.

The bodies, many with eyes gouged out and gaping wounds, were wrapped in blankets and rugs. They were silently passed out of the truck, laid on wooden coffin lids and wound in white shrouds by a Muslim cleric in a red turban.

In the hasty effort to confer some dignity on the dead, family members entered the shed and tried to wash the faces of brothers, fathers and children. Many broke down, and most had to be escorted from the room.

The dead, some of the 24 people killed over the weekend in the most brutal sweep to date by Serbian policemen and paramilitary units against rebels of the Kosovo Liberation Army, bore the marks of torture and summary execution that were the hallmarks of Serbian forces during the war in Bosnia-Herzegovina.

The testimony of the survivors, many of whom were badly beaten, added weight to accusations that the Serbian policemen and paramilitary soldiers in black uniforms went on a rampage after four of their colleagues were killed over the weekend in two ambushes — lashing out with fury at ethnic Albanians who

live in areas where the rebels operate.

One of the wounded, Sefer Nebiu, sat in a room here 40 kilometers west of Pristina, the provincial capital, hooked up to an intravenous tube. He was shot twice through the leg as he buddled with his family hoping to evade scores of policemen who descended on them looking for weapons and rebels.

The Kosovo Liberation Army, which is fighting for independence for the province, has mounted a string of attacks in recent months that has left at least 50 dead. The rebel group has wide support in a part of Serbia where only 10 percent of its 2 million people are Serbs and the rest are ethnic Albanians.

"We were in the room trying to protect ourselves when a helicopter opened fire on the village," Mr. Nebiu said. "Armored personnel carriers began to shoot and finally the police units arrived, all with heavy weapons. The police smashed the window. I yelled out that we were unarmed and the door was open. They pointed the barrels of their guns at us and opened fire."

Mr. Nebiu's son and daughter-in-law, Xhemshir and Rukie Nebiu, were killed when the police sprayed the room with bullets. Mrs. Nebiu's skull was shattered by a round as she was being cradled by her father-in-law.

As the wounded lay groaning, a 72-year-old neighbor, Mohammed Islam Gjeli, grabbed an ax to fight the police who burst into his house, survivors said.

He and his son, Naser, were both shot and killed.

The result of the resistance by the father and son was evident in a lengthy trail of blood that ran from the front room of their home down the steps into the yard. It appeared that the bodies of the two men had been dragged some distance by the police. The bodies later turned up in the Pristina city morgue.

"I saw most of the bodies," said Bajram Gashi, a doctor at the small village clinic run by the Sisters of Charity, "and many of them had powder burns suggesting point-blank executions."

Fihza Ahmeti, 35, clutched the up-lifted finger of her 3-year-old son, Rustem. Her face was ashen, her white handkerchief askew on her head and her eyes wide with shock and exhaustion.

Mrs. Ahmeti's husband, Hamze, and nine members of the Ahmeti family were rounded up by police units, beaten with rifle butts and marched away. On Monday night, Mrs. Ahmeti received a notice from the Pristina morgue that all 10 were dead. It was the bodies of the Ahmeti family, and four other victims who were later identified by relatives, that were being unloaded from the truck.

"We heard the men scream in pain when they were out of sight," she said, "and then we heard nothing. All of the women and children were herded into the yard while the police looted our homes, stealing everything we had of value, including our gold. The police stayed in our homes for a day, drinking, cooking their meals and sleeping. We had to stay outside and were not allowed to move from the yard."

Survivors contend the police also picked out the younger women and dragged them away to rape them.

"There are things they did to the women that are too sordid to be mentioned," said Shaban Shala, vice president of the Council for the Defense of Human Rights, an ethnic Albanian group.

About 40,000 people gathered on the barren hillside above the village Tuesday morning and stayed until the 14 bodies arrived at dusk. Most of the mourners, and some of the few foreign reporters, had to walk through the hills into the village to avoid police roadblocks. The crowd waited patiently for the 24 victims who were killed this weekend to be laid out in a row in front of a small platform made out of four farm wagons.

Shermet Sejdiu, 58, sat at the head of four white shrouds that held the bodies of his sons. He clutched a 3-year-old grandson and tried to explain that the corpse in front of him was his father, receiving each time a blank, uncomprehending response.

"No one yet has managed to grasp what has happened," said Osman Sejdiu, 53. "My nephews were killed moments after the police entered the village. No one ever questioned them or asked them who they were. They were Albanians. In Serbia, this is cause enough to die."

British Minister in Bosnia

Foreign Secretary Robin Cook of Britain arrived in Bosnia on Wednesday to check on the state of peacemaking efforts as the escalating violence in Yugoslavia threatened new instability in the Balkans, Reuters reported from Sarajevo.

Mr. Cook held talks with the Muslim, Croatian and Serbian members of the country's collective presidency.

British officials said he planned meet in Yugoslavia with President Slobodan Milosevic and ethnic Albanian leaders.

Blair Condemns
Ulster Pub Killings
But Stays Hopeful

BELFAST — Prime Minister Tony Blair on Wednesday condemned the latest killings in Northern Ireland as a "dreadful atrocity" but said prospects for peace remained good.

He spoke after a Protestant and a Roman Catholic, lifelong friends, were shot to death as they had a drink at a village pub in Northern Ireland on Tuesday night.

"There will always be extremists who seek to disrupt a process such as the peace process in Northern Ireland," Mr. Blair said in a statement. "They must not be allowed to get their way."

"It remains the case that on any objective analysis the prospects for a settlement are good, and we have to work towards that with renewed vigor and determination. Democracy must defeat evil."

He spoke after two masked men burst into a bar in Poyntzpass, a village south of Belfast, ordered the two men to lie on the floor and opened fire. Two other people were wounded in the late-night shooting.

"Guamens entered a bar and opened fire on the victims when they were in a completely defenseless position," said the Royal Ulster Constabulary chief, Ronnie Flanagan.

The police said they had arrested three people in connection with the murders. Local politicians attributed the attack to Protestant "loyalists" opposed to the peace process.

The bar, in a village where Protestants and Catholics live peacefully side by side, was owned by the brother of a politician from the Catholic Social Democratic and Labour Party.

The incident was the latest in a series of sectarian attacks apparently meant to undermine multiparty talks designed to produce proposals for the future running of the province to be submitted to all-Ireland referendums on May 7.

About 20 people have been killed since Christmas in a spate of attacks. Britain and Ireland temporarily suspended the Irish Republican Army's political wing, Sinn Féin, from the talks last month after Northern Ireland police said the IRA was involved in two recent shootings.

NATO Plans to Maintain Bosnia Force at Current Strength in '98

By R. Jeffrey Smith
and Bradley Graham
Washington Post Service

WASHINGTON — The United States and its North Atlantic Treaty Organization allies have decided to keep the international peacekeeping force in Bosnia at its current size of roughly 31,000 troops through the end of this year, while agreeing on a slight reduction in the number of U.S. troops included in the force, according to senior American officials.

NATO's decision not to reduce the number of troops after the existing peacekeeping mandate expires in June reflects wide apprehensions that the national Bosnian elections slated for mid-September could give rise to new ethnic clashes, and a broad conviction that a substantial troop presence is needed to deter new violence, the officials said Tuesday.

The officials said NATO members had agreed that even though Bosnia has been at relative peace since December 1995, the country remains politically tense and civil reconstruction efforts have a long way to go. "We're some way away from having the deterrence mission completely finished," a senior U.S. military officer said.

General Wesley Clark, who commands NATO troops, told a Senate hearing that because of the fragility of the peace and the uncertainty of the elections, his staff had not considered a specific timetable for reducing the peacekeeping force, let alone withdrawing it altogether.

As a result, the name of the so-called Stabilization Force will remain the same, and its military mission will be unchanged for the foreseeable future.

General Clark also confirmed that the option NATO had selected — to keep the force level constant — was the "most aggressive" option of the choices it seriously considered.

Congressional critics of the peacekeeping effort have said in the past that they feared the U.S. military was becoming mired in Bosnia, and demanded a deadline for an American withdrawal. But General Clark and other officials have said that this year they oppose setting any deadline, and several Republican lawmakers predicted Tuesday that this view would prevail on Capitol Hill.

France and Germany had initially sought a U.S. commitment to automatic reductions after the elections. But NATO ultimately decided the reductions would be pegged to benchmarks that are still being discussed, including such goals as resettling a

substantial number of refugees and creating new, joint political institutions and linkages between ethnic groups, officials said.

At American prodding, NATO has already agreed that the American share of the peacekeeping burden — now at roughly 7,800 troops — should drop to around 6,900 or 7,000 troops after June. This is not as low as Defense Secretary William Cohen and Samuel Berger, the national security adviser, had initially said was needed to appease skeptics on Capitol Hill. But General Clark and other senior American and NATO officials argued successfully against making deeper reductions without changing the military's mission.

To ensure that the remaining U.S. force can respond to any potential conflict, the reductions are not expected to be taken in combat forces, but in secondary forces responsible for logistics, engineering, artillery and aviation, with European forces picking up the added burden, the officials said.

In another move that will have the effect of reducing the U.S. burden, NATO also accepted Washington's plan to form a new military contingent of several battalions, most likely composed of non-U.S. forces, that will be on call to respond

first to episodes of civil unrest, the officials said. This will add a new buffer between regular military troops and any localized violence.

"We are very pleased with the NATO decision," which matched all of Washington's key preferences, said Robert Gelbard, special representative to President Bill Clinton.

Mr. Gelbard said that the new military arrangements, which have yet to be funded by Congress, should enable the West to press more aggressively for the completion of two key goals: resettling hundreds of thousands of Bosnian refugees in their prewar homes and ensuring that recently elected officials can govern peacefully in key towns.

Details of the new military contingent are still being finalized, but a senior American official said he expected a total of 600 to 800 personnel to be allocated to two battalions kept in reserve under the operational command of the senior NATO officer in Bosnia.

They will most likely be composed of troops with police and military training from France, Spain, Italy, Poland, the Netherlands, Argentina and Germany, including some that are already in Bosnia, officials said. But an American official complained that Germany was so far "refusing" to contribute to the contingent.

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Successful Growth and Favorable Outlook.

Excerpts from Chairman Pierre Bellon's address to the Annual Meeting of Shareholders, February 24, 1998

1996/1997 FINANCIAL HIGHLIGHTS

Over the year, consolidated sales increased by 18 percent to FRF 29.5 billion, broken down as follows:

- Organic growth 7 percent
- Acquisitions 11 percent
- Currency effect 10 percent
- Operating margin widened to 4.7 from 4.5 percent, continuing the steady growth trend of the past five years.

Group share of Consolidated net income totaled FRF 540 million, a 34 percent increase from the previous year's Group share of consolidated net income before non-recurring items. At constant exchange rates, the increase came to 29 percent.

RECENT DEVELOPMENTS

Last September 30, Sodexo Alliance and Marriott International, Inc. agreed to combine their Food and Management Services businesses in the United States and Canada in a new company known as Sodexo Marriott Services, Inc. To finance the transaction, we increased our capital by FRF 2 billion in November by issuing 835,770 new shares at a price of FRF 2,400 per share. Shareholders responded very positively to the issue.

Sodexo Marriott Services, Inc. will be North America's leading provider of Food and Management Services, with more than 4,800 operating accounts, FRF 24 billion in sales and 100,000 associates. Its shares will be listed on the New York Stock Exchange.

The merger is taking place in a positive environment and should be completed at the end of March.

Separately, on October 31, Sodexo-Gardner Merchant acquired Marriott International's Food and Management Services business in the United Kingdom.

OUTLOOK

The creation of Sodexo Marriott Services, Inc. represents an exceptional opportunity for our Company. Although we led the Food and Management Services market in Europe and the rest of the world prior to the merger, we ranked only fourth in North America, far behind the market leader. With Sodexo Marriott Services, Inc., we will be number one in North America, thereby strengthening our global leadership.

• Once again, Sodexo Alliance has gained new scope and depth.

Over a full year, i.e., in fiscal year 1998/1999, we will have around FRF 56.5 billion in sales, more than FRF 3 billion in operating profit and more than 210,000 associates. In five years, we have multiplied sales by five, operating profit by nine and the number of associates by four.

• We have also changed our profile, with Food and Management Services accounting for a larger share of our revenue stream. In 2000, this business will generate more than 90 percent of our sales and around 85 percent of operating profit. In addition, we are becoming increasingly international. In 2000, more than 85 percent of our sales will be made outside France.

• Our debt has increased, limiting our ability to make new acquisitions.

After three years of alliances and major acquisitions - Gardner Merchant, Partena, Sodexo Marriott Services, Inc., Sodexo Alliance will now enter a phase of consolidation. During this period, we will focus on developing internal synergy and enhancing organic growth:

• Synergy will be created through the cross-fertilization of skills and the development of economies of scale in the country operations, with the support of our global network. To do this, we will reduce purchasing costs, optimize restaurant working methods, negotiate international agreements with global suppliers, rationalize management structures, redeploy sales forces, forge agreements with global customers, eliminate redundant development costs, optimize new product and service development resources, and share IT development and training expenses. Throughout our corporate community, we will expand efforts to share and spread innovative ideas, management methods and quality programs.

• All our businesses enjoy strong potential for growth, especially Food and Management Services. We need to focus on organic growth, whose return on investment exceeds 50 percent. In-depth strategic studies undertaken in France, Italy, the US and the UK are helping us to increase sales and earnings faster. They are also providing methodologies that will be transferred to other countries. Thanks to steady, predictable growth in cash flow, we will recover our full investment capacity in a little more than three years and be able to make new acquisitions.

• The current year will be one of transition.

Based on currently available data and in light of the capital increase, earnings per share should increase by approximately six percent in fiscal year 1997/1998. Over the next three fiscal years, earnings per share, after amortization of goodwill, are expected to grow by an average 20 percent a year.

Since our Company was founded in 1966, it has grown into an international enterprise, but its strategic mission has remained the same:

- First, to continuously improve client and customer satisfaction. This means listening carefully to their needs, diversifying our food services, developing a comprehensive offering of other services, and pursuing our strategic commitment to quality and innovation.
- Second, to develop our human capital. We encourage the emergence of entrepreneurs by decentralizing decision making and responsibility. We instill a corporate culture in that recognizes individual performance at all levels. We want all our team members around the world to take pride in belonging to the Sodexo Alliance community.
- Third, to meet the expectations of our shareholders. This means increasing earnings per share, keeping you informed and, to the extent possible, getting you involved in the ongoing development of your Company.

I am convinced that the mutual bond of loyalty and trust between our customers, our employees and our shareholders will secure our sustainable development long into the future.

In today's global marketplace, we derive important competitive advantage from our independence, our global reach, the quality of our teams, and our excellent financial position. As you can see, our outlook is favorable.

On behalf of the Board and yourselves, I would like to thank all of our many associates, whose professionalism, dedication and efficiency are each day helping to ensure Sodexo Alliance's success around the world.

Pierre Bellon

DIVIDENDS

The dividend for fiscal year 1996/1997 has been increased 35 percent to FRF 35.00 before associated tax credit (FRF 52.50 including tax credit). It will be paid on March 5, 1998. Total payout amounts to FRF 263 million, corresponding to 49 percent of consolidated net income less minority interests.

* * *

Sodexo

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We make a world of difference

Sodexo Alliance worldwide leader in food and management services

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

India's Delicate Passage

India is once again entering a delicate and dangerous political period. After another tumultuous campaign, the main Hindu nationalist party has fallen just short of a parliamentary majority, but it still won more seats than any other party.

Whether it will be able to form a government, or even be invited to do so by President K.R. Narayanan, is an open question. As competing factions seek to round up majorities, the clash of ideologies and jockeying over spoils in the next few days will probably test India's stability and cohesion.

In the last election, two years ago, the Bharatiya Janata Party, or Indian People's Party, as the Hindu nationalist organization is known, also won a solid plurality. But it failed to attract enough parliamentary support to form a viable government because nearly every rival group refused to sign on to the party's noxious brew of Hindu chauvinism.

This time, because the Hindu party has fallen only about 20 votes short of a majority, it seems in a better position to pick up the necessary votes to form a government.

In the last campaign the party's leader, Atal Bihari Vajpayee, tried again to portray himself as a moderate on religious issues.

Though he has not gone so far as to repeat the party's pledge to dismantle India's long-standing protections for the country's Muslim minority, he has

promised vaguely to act only on the basis of a consensus.

The problem is that Mr. Vajpayee's intentions might not be enough to rein in the militant Hindu chauvinists, with their vision of India as a Hindu state.

The rival claimant for power is an uneasy coalition led by the Congress (I) Party, which scored a more impressive showing than seemed possible a couple of months ago.

The Congress Party's success was a tribute to Sonia Gandhi, the Italian-born widow of former Prime Minister Rajiv Gandhi and the daughter-in-law of former Prime Minister Indira Gandhi. Sonia Gandhi drew large crowds while defending India's secular tradition and reminding people of her family's leadership and sacrifices.

It will not be easy for the Congress Party to gain the trust of other political organizations in its bid for power. The temptation to put Mrs. Gandhi forward as a figurehead should be resisted. Though she showed courage and conviction in the campaign, she has never done anything to qualify as the political leader of a sprawling and fractious nation.

At this moment of maximum volatility, Mr. Narayanan needs to move swiftly to pick the party or coalition most likely to stay in power long enough to tackle the country's immense social and economic problems.

—THE NEW YORK TIMES.

Gates on the Hill

Bill Gates's appearance Tuesday before the Senate Judiciary Committee lacked the drama of when, early in the century, Congress hauled in J.P. Morgan to defend Wall Street's frightening reach into the sinews of the economy.

Tuesday's hearings also lacked the impact of turn of the century investigations of Standard Oil's manipulative stranglehold — an inquiry that informed later antitrust law and court doctrines.

Even so, it was a moment of no small importance — the first confrontation between the information age's wealthiest and most gifted entrepreneur and a Congress that is trying to figure out whether Mr. Gates is the consumer's best friend or a crafty monopolist determined to crush all competitors.

Diplomatically polite to his senatorial hosts, Mr. Gates nevertheless gave little ground on matters of substance and offered some dubious new twists on standard economic terms.

Despite Microsoft's 90 percent share of the market for operating systems, he said, the company could not be called a monopoly because its choke hold might disappear tomorrow.

He insisted that his contracts with equipment manufacturers and Internet service providers did not prohibit their customers from buying rival software. But he failed to point out that some of those contracts placed high hurdles between customers and non-Microsoft products.

Mr. Gates was joined on the panel of witnesses by two critics and competitors. One was Jim Barksdale of Net-

scape, whose browser, Netscape Navigator, is under pressure from Microsoft's Explorer.

Another competitor was Scott McNealy of Sun Microsystems, which sells software that Mr. McNealy hopes will replace Microsoft's Windows.

To Mr. Gates they are whining losers, but while they provided little more than sound bites, both offered an unmistakable message — Microsoft is a monopoly whose predatory practices deserve prosecution under the antitrust laws.

They are certainly right about the monopoly part, but what is the government's proper response? A single operating system like Microsoft's simplifies the tasks of writing, selling and using software. That helps consumers. But with monopoly also comes the potential for abuse. So where should the Justice Department draw the line?

This page has argued for the following antitrust test: Are Microsoft's practices driven largely by technological necessity, yielding significant consumer benefits? Or has Microsoft designed and marketed its operating system, Windows, for the purpose of blocking consumers from doing business with its rivals? If the latter is the case, then the antitrust laws are an ample remedy.

Bedazzled or simply numbed by their star witness, the senators did not entertain this or any other course of action Tuesday. The Justice Department will have to look to itself for answers.

—THE NEW YORK TIMES.

America in Arrears

Kofi Annan spent a year pushing reform at the United Nations and producing results that won respect from sober critics of its managerial, budgetary and administrative bloaters. He was to go to Washington this week to urge Congress to pay the \$1 billion-plus in American arrears.

But that was before Mr. Annan's mission to Iraq filled the screen. From earnest reformer, the otherwise low-profile secretary-general became controversial diplomat. He put off his trip to Washington ostensibly to work on a new Iraq resolution. But the American debate shifted ineluctably to the ways of the United Nations. The campaign to induce the United States to pay up was marooned.

As the Senate majority leader, Trent Lott, put it, "I am a lot more interested in what the UN is doing or not doing in Iraq than I am in talking with [Mr. Annan] about the UN arrears."

This is unfair. About Mr. Annan's Iraq achievements, opinions vary. Some people think he served peace and saved the United States a bombing fiasco. Others, including us, wonder if

the Annan agreement will hinder UN arms inspections. But that is not the issue before Congress. Congress is, or should be, seized of the question of whether the United States will respect its solemnly undertaken financial and political obligations.

The point is not that the United Nations does not act like a branch of the American government. It is that the United Nations is an often maddening but still valuable instrument of American policy.

The arrears have led an unchained life in American politics. To the still unresolved abortion battle that has plagued consideration of the issue has now been added a battle over the State Department's alleged amendments to the deal.

All this is discouraging. But the United Nations is too important to a broad range of American interests to allow issues irrelevant to the American commitment to the organization to intrude. Reform, Congress ordered. The United Nations is delivering. It is the United States' turn to act.

—THE WASHINGTON POST.

A Change of Fortunes for Iraqi Opposition Leader

By Jim Hoagland

WASHINGTON — Six months ago Ahmed Chalabi, Saddam Hussein's most persistent and effective Arab political opponent, was a pariah in this town.

Desk officers in the U.S. government's Middle East bureaucracy would not return Mr. Chalabi's calls when he visited. The CIA was bad-mouthing him to reporters.

It was a grim time for a man who has been an honest, observant and reliable interpreter of Iraq since we met in Beirut 26 years ago. Our friendship survived my departure from the Middle East a few years later, several wars in the region and numerous betrayals of Mr. Chalabi's cause by successive American governments.

Despite his own unrelenting confidence on recent visits here, I felt growing apprehension for this cultivated Iraqi banker, mathematician and revolutionary.

But tomorrow is always another day in the life of an exile politician. On Monday, Mr. Chalabi appeared before the Senate subcommittee on the Middle East and got a sympathetic hearing for his new, detailed parliamentary plan for undermining Saddam's reign of terror.

Mr. Chalabi is suddenly sought after by officials at the Pentagon and State to talk

about low-intensity conflict scenarios.

Republican senators have taken up Mr. Chalabi's years-old campaign to have Saddam declared a war criminal and tried by an international tribunal. Some of these lawmakers speak of guiding tens of millions of dollars toward a reactivated, united Iraqi opposition.

Mr. Chalabi has been delivered from the hands of the spies, with whom he worked for a few years, and the U.S. government's Arabist ideologues (who disdain his willingness to work with Iraq's Kurds and other minorities) into the hands of American politicians. My reaction wavers between "Hallelujah" and "Oh no."

On balance the arrival of the politicians, however late, is good for Mr. Chalabi. They will open up a debate about change in Iraq that Washington's area experts, bureaucrats and military commanders always struggle to shut off.

What changed Mr. Chalabi's fortunes? Nothing new that has been done.

Instead, the Clinton administration bungled into yet another confrontation with Saddam. It was forced to acknowledge at the end of the day that it was

incapable of overthrowing the Iraqi dictator with anything less than a replay of Desert Storm, which this administration is incapable of mounting. That left a political vacuum into which Trent Lott and others have rushed.

Kofi Annan's stomach-turning praise of Saddam also energized Mr. Lott. Jesse Helms and others who detest Saddam but who hate the United Nations. The Iraqi opposition has suddenly become a national issue in American politics, with the Republicans eager to showcase Bill Clinton's mistakes and neglect of Iraq — an all too easy task.

Long crowded into silence by memories of the warm embrace that George Bush and Bob Dole, among others, fastened on Saddam before Kuwait, the Republican Party now has standing to ask Who Lost Iraq (This Time) and to credibly blame it on President Clinton and Vice President Al Gore. Time and fresh incompetence may not heal all wounds in Washington, but they do grant amnesia, and perhaps amnesty, to all political parties.

The Republicans will be tempted to use Mr. Chalabi and his organization, the Iraqi National Congress, as a club to swing at Mr. Clinton. The Democrats will respond by protecting themselves at Mr. Chalabi's expense, repeating

old, discredited smears about banking troubles in Jordan, as Charles Robb did at Monday's Senate hearing.

Mr. Robb's question had the earmarks of a plant from the White House or the CIA. Mr. Chalabi's recent troubles in Washington stem from his decision to go public in interviews with The Washington Post and ABC Television last summer revealing the agency's bungling in Iraq in 1995 and 1996.

The agency's director, George Tenet, and his aides still resist serious internal or outside inquiry into what went wrong in Iraq. As long as they do, take administration claims that it will finally get tough with Saddam as more self-serving fluff from masters of the genre.

Working to undermine Saddam's rule is a long, difficult — and worthy — enterprise. The spies and government experts of the Bush and Clinton eras are busy telling you that since they couldn't do it, it can't be done; the opposition is too weak and divided; the victim is to blame.

American politicians of both parties should sign on to this task of opposing Saddam with a determination to see it through, and to show how wrong the experts can be.

The Washington Post.

Now Is a Good Time to Revisit Saddam's Nuclear Capability

By Paul Leventhal and Steven Doherty

WASHINGTON — The diplomatic arrangement

that UN Secretary-General Kofi Annan concluded with Iraq has averted U.S. air strikes for the time being. But by creating a "Special Group" of diplomats

to oversee UN inspections of Saddam Hussein's presidential sites, he is laying a new bureaucracy on top of an already fragmented inspection regime.

This arrangement could trigger more turf battles of the sort that have plagued the relationship between the UN Special Commission on Iraq, or Unscim, and the International Atomic Energy Agency, or IAEA. It could further undermine attempts to ferret out Iraq's surviving nuclear weapons capability (still a clear and present danger) while undercutting the campaign to find and destroy Iraq's other weapons of mass destruction.

Immediately after the Gulf War in 1991, the Vienna-based IAEA lobbied hard at the United Nations to retain the lead role for nuclear inspections in Iraq, despite its dismal

record of misjudging Iraq's nuclear intentions and missing evidence of its weapons program at every turn.

The cease-fire resolution was soon crafted to provide for a sharing of responsibilities between the IAEA and Unscim in the nuclear sphere, while giving Unscim exclusive control over the search for Saddam's chemical and biological weapons and missiles.

The results of this relationship — including strong differences between the agencies on how to assess the current nuclear threat and how to deal with it — provide important lessons on pitfalls to avoid at this critical juncture.

Last June, the outgoing Unscim director, Rolf Ekens, expressed concern that the nuclear weapon components manufactured by Iraq before the Gulf War had never been found.

"We doubt they have been destroyed, but we are searching," he said at the Carnegie Institute for Peace.

And, in what he flagged as a "difference" with the IAEA, he said Unscim experts believed Iraq was capable of making a "viable weapon" if it could buy a sufficient quantity of plutonium or highly enriched uranium. The expert advising the IAEA recently put Iraq's "time to a bomb" at five years.

The IAEA, in its latest reporting to the UN Security Council, complains of having returned a point of "diminishing returns" in its inspections and proposes a shift to a less intrusive monitoring arrangement. Russia, France and China seized upon this to propose closing the nuclear file on Iraq.

Yet the IAEA's own detailed reports show that Iraq's nuclear scientists are still in place, that key nuclear weapons components remain unaccounted for, that major gaps still exist in Iraqi reporting of its postwar nuclear weapon design work and that Iraq's clandestine procure-

ment of nuclear equipment and materials continues.

It would be a big mistake to assume that the absence of evidence of such a program's absence.

In 1990, Saddam successfully engaged in a grand deception to deflect the world's attention from his nuclear weapons program by drawing attention to his chemical weapons threat. After the Gulf War, a vast Iraqi Manhattan Project was unearthed, and most of it was destroyed.

Today the danger is that Saddam is trying to divert attention from a small but deadly remnant of that program — a well-hidden unit that could use retained blueprints and components to turn out weapons made with smuggled fissile material on short order.

There is an opportunity to use the establishment of the new Special Group to reinvestigate the UN's flagging nuclear investigation. The choice of UN disarmament undersecretary Jayantha Dhanapala to head up

the Special Group is a good one. The Sri Lankan diplomat is highly respected and trusted in nuclear nonproliferation and arms control circles.

Mr. Dhanapala is capable of promoting cooperation between the IAEA and Unscim if this were made a part of his mandate. He could begin — both to end interagency bickering and to "test" Iraqi intentions — by insisting that Iraq produce four crucial reports, long promised but never delivered, on unaccounted-for design drawings, fabricated components, procurement activities and government planning for nuclear weapons.

If Iraq continues to stonewall despite his request, it would become clear that the UN must press forward with intrusive nuclear inspections as long as Saddam remains in power.

Mr. Leventhal is president and Mr. Doherty is research director of the Nuclear Control Institute. They contributed this comment to the International Herald Tribune.

America's Elite Prospers, but What About the Rest?

By Robert Kuttner

WASHINGTON — Conservative politicians and intellectuals keep having trouble reconciling their story line with the facts. Consider two favorite

whipping boys lately in the news — America's lousy schools and America's dismal savings rates.

The recently released Third International Mathematics and Science Study, comparing the performance of U.S. kids with counterparts overseas, seemingly provides new ammunition for the right. American fourth graders score about average in the industrial world, but by 12th grade U.S. students rank near the bottom.

This result led Chester Finn, a former Reagan administration education official and school-voucher advocate, to proclaim on the Wall Street Journal editorial page: "The public school system as we know it cannot fix

itself. It is an ossified government monopoly."

But every one of the countries whose children outperformed ours has more coherent state school systems, clearer national standards and far greater equality of funding. They also have more social supports for parents, who can then spend more time with their kids. Guess who led the list? Sweden.

That would of course be social-democratic Sweden, regularly denounced by the same Wall Street Journal editorial page for its unaffordable and inefficient social outlays. Other top performers included such malefactors as Denmark, Norway and the Netherlands.

Guess who else beat us Americans smartly in math and physics? Russia! That would be the

evil empire, whose statist economy collapsed, whose real living standards are perhaps one-fourth of America's. But even destitute, corrupt Russia manages to find the money and the teachers to instruct its children adequately in math and science.

Then there is the issue of savings rates. For two decades, conservative economists have been ranting that the U.S. economy was succumbing competitively to countries with higher savings rates, such as Japan, Korea and most of Europe. We did not save enough so we could not invest enough, the story went.

Today, the same economists are smugly proclaiming the superiority of the U.S. model and the weakness of places such as Germany and Japan — countries with much higher savings

rates and much better educated workers. How to reconcile all of this?

For one thing, many factors matter to economic performance. It turns out that if you have smart entrepreneurs and competitive products, other nations will invest or lend you capital; so domestic savings rates do not constrain economic growth.

It also turns out that if you do a good job educating the top quarter of the class (which America does) and welcome skilled immigrants (which we also do), the economy can perform nicely even if most kids do not excel at math and science.

If it takes only a few million high performers to allow the economy to soar, what will become of the rest?

America today is the most unequal country in the advanced world. If that reality retarded overall economic growth and harmed the economic elite, maybe the people who run the country would pay more attention. But evidently the well-off can coexist all too nicely with the laggards.

After all, poorly educated and low-skilled people make perfectly adequate fast-food servers, back office clerks, janitors, gardeners, drivers and housemaids. They are far cheaper to hire than their European counterparts, who get the

same social benefits as the European elite.

We need to educate all Americans, not for "competitiveness" but out of concern for the kind of society we want to be. If we were serious about educating the bottom half we would not turn to vouchers and further splinter the system. We would equalize school funding, put more money into classroom teaching and make life easier for parents — like the nations that outscored us.

By the same token, our overall rate of savings is less important than the question of who amasses savings and why. Today, thanks to the soaring stock market and relatively stagnant wages, personal financial wealth is more highly concentrated than at any time since the 1920s. The working poor do not save much because they barely make ends meet.

Yet fiscal conservatives of both parties (seconded by too many mainstream economists) think we should hold on to the projected government budget surpluses — rather than invest in the social outlays like education, training and child development that might allow the bottom half to pull itself up.

The writer, co-editor of the American Prospect quarterly, contributed this comment to The Washington Post.

Making Math Class Relevant

By Howard Gardner

CAMBRIDGE, Massachusetts — The dismal performance of American 12th graders on the Third International Mathematics and Science Study is naturally disheartening. Even in a pool that lacked the usual high-scoring Asian countries, American students managed to score near the bottom.

But we should resist the tendency to focus on increasing our students' scores on these tests.

These tests do not measure whether students can think scientifically or mathematically. They just measure a kind of lowest common denominator of facts and skills. So getting students to do well on them does not necessarily mean much in the real world. It does not even mean that students will have successful careers in science and technology.

Half a dozen years ago, when our economy (as well as our test scores) was languishing, it was easy to blame our poor schools and to push for better results from our students. Now America stands at the top of the world economically, but our students are still scoring at the bottom on international math and science tests.

Since high scores on these tests obviously are not crucial to our economic success, we need to decide what kinds of tests matter in helping form the kind of citizen we want to have.

Standardized tests should find out if American students can think in a scientific manner.

This means teaching students to understand the nature of the scientific method: how experiments are set up, how models and theories are constructed and tested, how to decide what theories best describe a phenomenon. Students learn these concepts only by designing and carrying out their own experiments.

Tests should measure a student's scientific ability by presenting a problem, offering data to solve that problem and posing several different interpretations of the data. The test taker might be asked to determine what conclusions can and cannot be drawn.

But most standardized tests ask fact-based questions that sample a wide range of topics in a somewhat superficial way. Students who score well on these tests are like well-trained athletes or musicians: Through practice, they have become proficient at a certain skill. In this case, they have done extensive problem sets in many different "content areas" and can move quickly from one question to another.

These tests are helpful in the real world, especially in high school and college. But they simply do not show whether a student can think seriously

about a scientific issue. We could drill our students with problem sets and raise their test scores but still be left with a population that remains scientifically and mathematically challenged.

After all, students should be able to apply scientific and mathematical concepts to the world around them. As adults, they will need to know how to decide which life insurance to buy, how pesticides affect their food and how interest rates affect home mortgages.

Citizens also need to be able to decide whether cloning research should be banned, whether more money should be poured into studying global warming and whether there should be a national health care plan.

Are these skills ultimately important for our nation and others, too? We must rethink the way we teach science and math. We must have the foresight to pursue a less traveled road, one that can lead to a citizenry that can think rigorously and make informed decisions and that can handle a future where science and technology will be more important than ever.

The writer, a professor at the Harvard School of Education, is the author most recently of "Extraordinary Minds." He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: U.S.-British Ties

BOSTON — The address of Mr. Richard Olney, former Secretary of State, at Harvard College in advocacy of Anglo-Saxon unity and co-operation with Great Britain for the betterment of the human race, attracts attention. There has been a change of sentiment in Mr. Olney since the policy of Lord Salisbury in China has been seen to coincide with American ideas and interests, and also since the probable entanglement of a quarrel with Spain has brought into clearer view the value of England's friendship.

1923: Women in Jail

WASHINGTON — Now it is the woman bootlegger. She has risen in her might to complicate the wheels of Federal justice. A steady increase in the number of these dry violators and the brisk demand of the illicit liquor trade

for the assistance of feminine intuition in the business of purveying hooch is responsible for an unprecedented and unparalleled increase in the number of women prisoners of the Federal Government. The problem of a rapidly developing shortage of jail facilities for female prisoners is of especial concern.

1948: Neutral Finland

HELSINKI — Finland will agree to negotiate a friendship and defense pact with Russia. The Social Democrats informed the President that Finland could not reject the invitation to negotiate. The Social Democratic recommendation added: "We should enter into negotiations on the basis that our nation will maintain her impartiality. The peace-loving majority of the Finnish people opposes any military alliances and will do the utmost to keep the nation outside any international conflicts."

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TribTech

Formula One Team Revs Up the Computers to Speed Up Race Cars

By Brad Spurgeon
International Herald Tribune

MAGNY-COURS, France—In a sport where the technical regulations change yearly and the cars develop almost daily, there is little mystery why technology has taken a front seat in the manufacture of race cars.

"The difference between the big teams and the average-sized ones is speed—to develop the car faster, communicate faster, make decisions faster," said Alain Prost, a four-time world drivers' champion who retired in 1993 and is now the owner of his own Formula One team.

This month, Prost Grand Prix is moving from a 10-year-old factory here, 250 kilometers (155 miles) south of Paris, to a new, state-of-the-art plant in Guyancourt, just outside the capital.

The move will enable the team to work with high-tech tools built for the needs of a 1998 car, such as computer-aided metal casting, blasting ovens to mold carbon-fiber composites and computers to design, build and test all the parts. It will also provide faster communications with Prost's Paris-based high-tech partners, including Alcatel Alsthom and Dassault Systèmes SA, and its engine maker, PSA Peugeot Citroën SA.

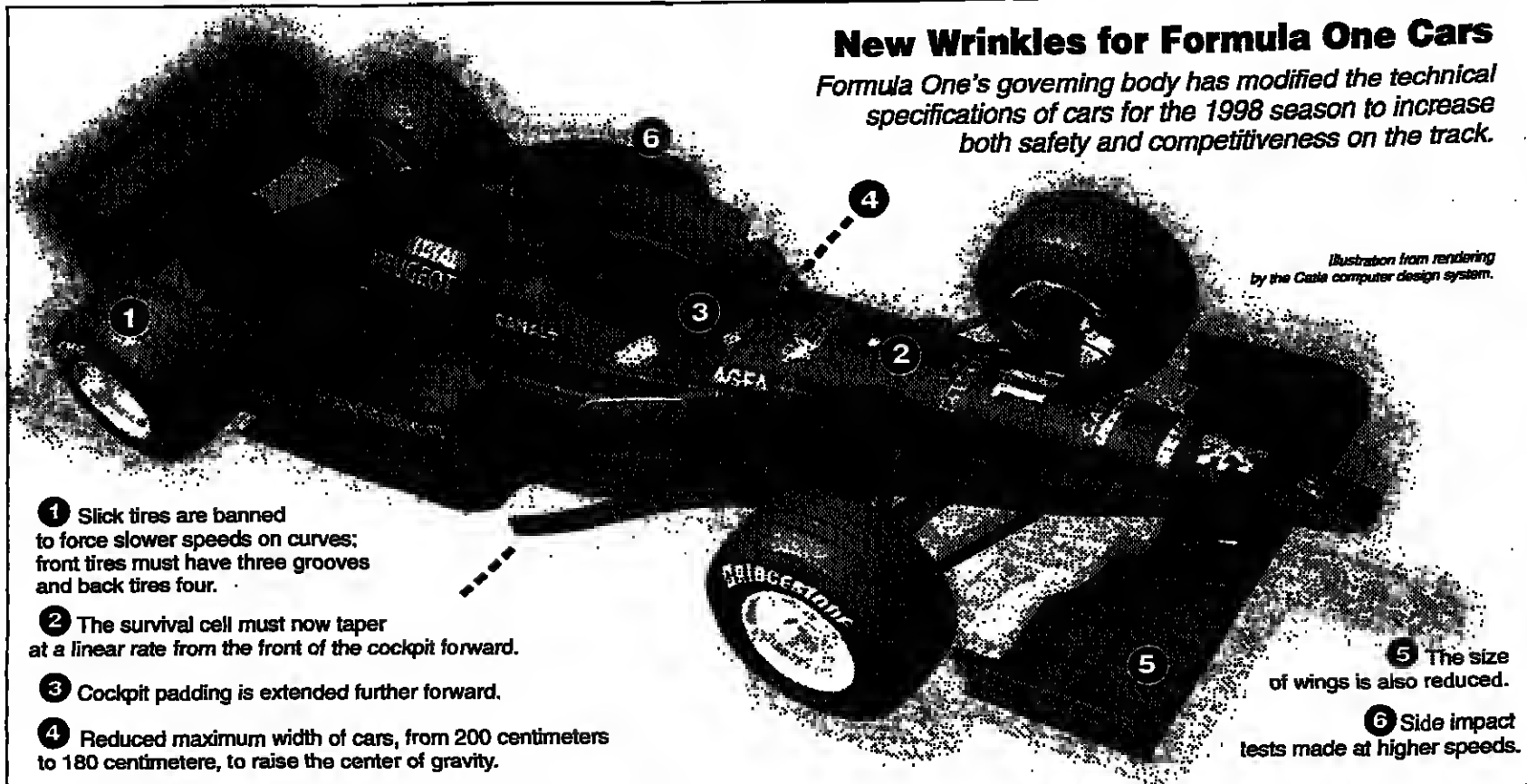
In Formula One racing, more than 20 cars battle out a sprint race on circuits averaging five kilometers in length and with varying conditions: straightaways, hairpin corners and wide bends, each of which makes a different demand on an engine and chassis.

The technological challenge is enormous. The 11 teams of Formula One construct their own cars to technical regulations devised by FIA, the Paris-based racing federation. The changes FIA is requiring for this season, which begins Sunday in Melbourne, have been called the most drastic in 15 years.

When engine technicians started using computers at the track in the 1980s, Mr. Prost said, "We looked at them like propeller heads. We had absolutely no confidence in them."

Today, computers save time in every aspect of designing, building and setting up a car's balance and mechanical configuration.

To counter criticism that most passing is done not on the track but during pit stops, FIA is banning slick tires this year, which should force cars to brake earlier at corners and thus facilitate passing,



1 Slick tires are banned to force slower speeds on curves; front tires must have three grooves and back tires four.

2 The survival cell must now taper at a linear rate from the front of the cockpit forward.

3 Cockpit padding is extended further forward.

4 Reduced maximum width of cars, from 200 centimeters to 180 centimeters, to raise the center of gravity.

New Wrinkles for Formula One Cars

Formula One's governing body has modified the technical specifications of cars for the 1998 season to increase both safety and competitiveness on the track.

Illustration from rendering by the Catia computer design system.

5 The size of wings is also reduced.
6 Side impact tests made at higher speeds.

International Herald Tribune

Tires now must have grooves (three treads going all the way around the front tires and four for the back tires) to reduce their grip and force slower turns.

As slicks have been used since 1971, Goodyear Tire & Rubber Co. and Bridgestone Corp. face a huge technical challenge to redesign their racing tires—especially as the new rules stipulate that the grooves must still be present at the end of the race on all tires used.

Another way FIA plans to slow cars in corners is to decrease use of the aerodynamic effect, known in the industry as downforce, that presses the car down to the track and allows it to maintain speed in cornering. The maximum width of the car is being reduced to 180 centimeters from 200 centimeters, raising the center of gravity and limiting the size of wings attached to the vehicle.

Engineers have spent the winter seeking ways to attach new kinds of wings

and other aerodynamic aids to recover the estimated 15 percent loss in downforce. This work is done mostly in a team's wind tunnel, not on the track. Some teams use the wind tunnels of research centers; others, like Prost, have their own.

To save time fulfilling the FIA rules, which cover every detail of a car, Prost turned to the design program Computer-Aided Three-Dimensional Interactive Application, or Catia.

Developed by Dassault Systèmes, it was used for the first "virtually" designed airliner, Boeing Co.'s 777 jet. Several other airplane builders, as well as carmakers and developers of trains, including the TGV, the French high-speed train, use it now. It is also used by many other Formula One teams, including Sauber, Ferrari and Arrows, and for the engines of Mercedes AG, Renault, Peugeot and Cosworth Engineering.

Other teams use design technology from such Dassault Systèmes rivals as Computervision Corp. and SDRC Inc.

Before any of the 3,000 parts of a Formula One car is built, Catia enables the designer to create the car in three dimensions on a screen, fit it together, measure its weight and spot likely problems. The program also allows the designer to model through the on-screen mock-up and see an image, interior or exterior, of any component.

Because of the efficiency of the software, a new longitudinally mounted gearbox for the Prost car was made from scratch in less than four months last summer, rather than the eight months that Prost's head designer, Loïc Bigois, said it would have taken in the past.

The creation of the new factory has been overseen by Bernard Dudot, Prost's technical director and the engineer who built the Renault V-10 engine that has

won the last six Formula One constructors' titles. When Mr. Prost bought the team a year ago, its Magny-Cours factory housed a staff of 68 in 3,600 square meters (38,750 square feet). The Guyancourt factory has 7,300 square meters for what is now a 150-person work force.

There will be 20 Catia workstations in Guyancourt, compared with 10 here, all operating on Sun Microsystems Inc. computers and servers. While Prost pays for the licenses to use the system, Dassault Systèmes is also providing manpower and working closely with the team. Neither side would disclose the financial details of the partnership.

The factory will be linked through high-tech Integrated Services Digital Network, or ISDN, lines to the team at Grand Prix racetracks worldwide to allow engineers to use Alcatel's videoconferencing to troubleshoot.

It costs so much to test a car on the

track that most testing is done on team-designed computer programs.

But the creation and application of technology is secondary to the main purpose of racing, Mr. Dudot said.

"There's only one objective," he said. "That is to win. If you win with high technology, you use high technology. If you win with wheelbarrows, we'll use wheelbarrows. Technology's not the objective."

Ironically, one of the purposes of FIA's changing regulations is to prevent computers from taking over.

Midseason last year, three years after high-tech driving aids were banned, McLaren-Mercedes created a computerized accelerator that the racing body approved before realizing that it could overrule a driver and thus reduce skidding.

Rather than allowing the driver to directly control the engine's throttle valves, the team's accelerator used an onboard computer to calculate how much torque could be used on the given section of the track. It then limited the opening of the valve, making the best use of the available power of the engine and helping to prevent skidding.

After the season, FIA banned the system, saying that it ran counter to the rules barring computer-aided driving.

"Instead of being a sport of men," said Francesco Longanesi, a spokesman, "it was becoming a sport of computer wizards. We're not against technology—far from it. But the technology must serve the man, and not the other way around."

Removing control from the driver not only destroys the sport side of things, he said, it also increases the risk of a driver's losing command of the car to a computer and having an accident.

But FIA encourages use of technology to develop the cars, and this has become so costly and highly perfected, Mr. Dudot said, that teams no longer build entire cars on their own. Instead, they subcontract certain parts, such as the carbon brakes and, particularly, the engine.

If technology has killed jobs in some industries, in Formula One it has created millions, Mr. Dudot said.

"We're seeing jobs here that didn't even exist five or 10 years ago—new computer-related jobs, electronic transmission, data processing, a very high level of metallurgy, and the creation of composite materials that are capable of absorbing enormous shocks," he said.

High-Tech Firms Profit From Racetrack Innovations

International Herald Tribune

PARIS—It is not just the race car that benefits from Formula One's technological advancements. The companies working on the car's development are using their experience in racing to develop their own commercial products.

Dassault Systèmes SA brought aeronautical know-how to the sport through its Catia design software and wants to transfer Formula One advances back to aeronautics, according to Jean-Marc Galea, the French company's manager for the Prost Grand Prix project.

"Formula One constructs small, compact and very light composite parts that no one knows how to do in aeronautical design," Mr. Galea said, referring to the molded carbon fibers in a race car's body. "The cockpit of a race car is very small and has a very complex shape. Even the nose is very pointed and made with composite materials. These kinds of parts don't exist in aeronautics."

Commercial car manufacturers, according to Bernard Dudot, formerly director of Renault Sport, cannot directly apply their race engine technology to an assembly-line engine. One is built for a life of 400 kilometers at extremely high speed, while the other is built to last a couple of hundred thousand kilometers.

But he said the knowledge the engineers acquire creating a racing engine in the highly competitive environment helps in resolving problems in the assembly lines for commercial engines.

"For an engineer to have experiences that are so specific yet peripheral is extremely enriching, extremely strong," he said. "It adds a great deal of value to the knowledge of a research department. And that translates into quality in the everyday car."

Alcatel Alsthom provides the Prost team with the radio communication between the pits and the drivers, Olivier Panis and Jarno Trulli.



Mr. Panis, left, and a technician at track.

Gilles Thevenet, Alcatel's manager for the Prost project, said the company had developed technology for the race team that can be transferred directly to a commercial product.

The difficulties of radio communication in Formula One include, in addition to the constraints of the car, the very lively electromagnetic fields at the track, with television signals, all the teams' radios and other cellular devices used simultaneously.

For Prost, Alcatel started with a noise-blocking system it uses in an everyday car phone that a driver does not have to hold, the Handsfree Digital Car Kit. The system digitally differentiates the sound frequencies of the voice, the engine and other sources of noise, and then divides the components, canceling out all but the voice.

"In testing it in the highly constrained, vibrating and loud environment of the Formula One car," Mr. Thevenet said, "we figured out certain anomalies that we found in the everyday car but couldn't understand."

Alcatel will use those findings in a future version of the car phone, he said.

—BRAD SPURGEON

TECHNOLOGY INDEX

A glance at technology stock indexes around the world

North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	331.05	-1.28	-13.94
Standard & Poor's Technology Composite	810.30	+0.28	+15.77
Europe			
Morgan Stanley Eurotec	507.24	+0.18	+31.68
Asia			
Topix Electric	1749.63	+0.12	+6.41

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- High-Tech Bidding for Foreign Workers Feb. 27
- www.Internetbookingslowmolein.com Feb. 27
- Apple Plans To Scrap Its Newton Line Feb. 28 - March 1
- A Tale of 2 Stocks: Lucent Keeps Flying High as Smaller Rival Ciena Suffers Feb. 28 - March 1
- AMD Aims to Put Pressure on Intel By Setting Up Chip Deal With IBM Feb. 28 - March 1
- Learning to Live With Microsoft: The Tale of Spyglass Inc. March 3
- In Restructure, Olivetti Forges Ties With Van March 3
- Gates Goes to Washington March 4

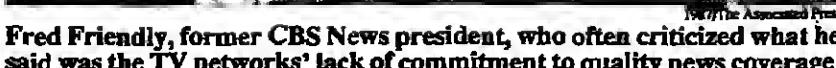
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International Herald Tribune

Rather
than
catch up...

By Eric Pace
New York Times Service

Mr. Friendly's final battle as a commercial television executive came, as he saw it, over the issue of CBS's responsibility to carry live telecasts of important government proceedings. The



Mr. Murrow liked the idea and col-

quoted one representative as saying, "it has something to do with Microsoft."

"I enjoyed this opportunity," he said. Then he left, walking into a crowd of cheering high-school students who spied him on his way out.

Continued from Page 1

representatives for Dell Computer Corp. In each case, representatives gave the impression they could not offer Netscape.

"I'm not quite sure," Mr. DeWine

Continued from Page 1

same sex" or behavior that could be viewed by a reasonable person to be "severely hostile or abusive." The On-

New Delhi on Thursday for consultations with other United Front leaders before deciding whether to stick with the front or jump to the nationalists.

Continued from Page 1

to New Delhi on Thursday for consultations with other United Front leaders before deciding whether to stick with the front or jump to the nationalists.

Cool Take on Borrowed Plumes

By Suzy Menkes
International Herald Tribune

why ready-to-wear shows. supposed to feature off-the-are increasingly image-making of limited-edition clothes. Sportswear and knits to height of luxury and sophis

Dolce & Gabbana's painted coat and silver stretch skirt

... dresses still looks like a first-year dress-making class let loose in a material world. The ebullience, energy and witty toolbox purses just carried the show.

father pieces by Antonio He-
leled the rumor that the hot
signer was about to be signed
n't his skinny suede cropped
nd side-split leather dresses
buttons be just right for a

do we need him? We have Versace replied. He added that the company would go inaccurate: There would be a flotation until after the

*On Thursday, April 30, 1998,
to mark the 50th anniversary of the independence of the State of
Israel, the International Herald Tribune
will publish a Special Report on*

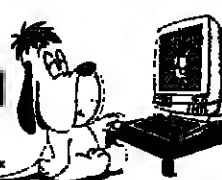
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Asian Stocks Reel on Reports IMF Aid to Indonesia Is Imperiled

By Thomas Fuller
International Herald Tribune

JAKARTA — Stocks and currencies fell across Southeast Asia on Wednesday as it became clear that the International Monetary Fund would probably delay billions of dollars in international aid to Indonesia.

Adding to a chorus of warnings from Washington, officials at the IMF were quoted as saying that the \$3 billion due to be approved for Indonesia by March 15 would probably be suspended until Jakarta followed through on promises to institute economic reforms and austerity measures.

Troubling news in both Singapore and Malaysia further eroded the confidence of investors. Malaysian shares fell 4 percent after an announcement by the government that two of the country's most prominent banks would need

outside help. The Malaysian central bank reported Tuesday that Bank Bumiputera Bhd. and Sime Bank Bhd. needed capital injections.

In Singapore, three banks issued earnings reports that were worse than expected, mainly due to the banks' exposure to the seven-month economic crisis. Far East Bank Ltd., Singapore's sixth largest, posted a surprise loss for 1997 of 38.8 million Singapore dollars (\$23.7 million).

Overall, Singapore stocks dropped 1.34 percent, Taiwan stocks fell 2.54 percent, Thailand finished 2.13 percent lower and Philippine shares dropped 1.75 percent.

The Indonesian rupiah fell 5.5 percent, to 9,525 to the dollar, and shares on the Jakarta exchange fell 3 percent as President Suharto faced louder calls at home and abroad to reform his nation's political process as well as the economy.

"People are looking for a clear signal" from

Indonesia, said Anwar Nasution, dean of the faculty of Economics at the University of Indonesia. "But Mr. Suharto keeps on sending mixed signals."

"The only solution is to implement the IMF program," Mr. Anwar added.

U.S. and European officials agree. They have

Several Japan banks plan to downsize to qualify for government aid. Page 17.

been increasingly vocal in recent days. In Washington, where Congress is weighing approval of \$18 billion in additional funds for the IMF, Treasury Secretary Robert Rubin and his deputy, Lawrence Summers, suggested that approval of the next tranche of IMF aid might not be approved if reforms did not accelerate.

[There were signs, however, that the increased funding for the IMF itself might be moving ahead, Reuters reported from Washington, where the House of Representatives' Banking Committee was said to be close to a compromise. Most House Democrats will support President Bill Clinton's request for the \$18 billion in increased funding, predicted Dick Gephardt, the Democratic leader. Page 14]

On Tuesday, Mr. Rubin called Indonesia "a very troubling and complicated situation" and Mr. Summers said, "Support can't flow unless they're doing the right things."

The right thing for Indonesia these days, these officials say, is full implementation of the IMF program — a 50-point agreement signed in January by Mr. Suharto and the managing director of the IMF, Michel Camdessus.

Washington's special envoy to Indonesia,

former vice president Walter Mondale, visited Mr. Suharto on Tuesday in Jakarta and called for "full, demonstrable and visible implementation of the IMF reforms."

Thousands of Students Protest

Thousands of students protested peacefully against the Indonesian government Wednesday in one of the largest shows of discontent since the beginning of the economic crisis. The Associated Press reported.

Demonstrators at several university campuses on Java and Sulawesi islands urged an end in President Suharto's long rule.

In Jakarta, meanwhile, delegates to a special assembly gathered to extend Mr. Suharto's tenure. The People's Consultative Assembly, dominated by Mr. Suharto's supporters, is virtually certain to give him a seventh five-year term next week.

Zhu Faces Economic Challenge

Investors Wonder How Far China Will Push Reform

By Philip Segal
International Herald Tribune

HONG KONG — By now, every investor in China knows that Deputy Prime Minister Zhu Rongji, the economic reformer, will be named prime minister this week. What they do not know is the depth of the economic and financial problems that Mr. Zhu will inherit.

More specifically, as China's National People's Congress opens on Thursday, those who invest in China and lend it money will be wondering just how Mr. Zhu will seek to modernize the economy while avoiding mass unrest.

The new prime minister, 70, needs to recapitalize China's insolvent banks and make the country's loss-making state industries profitable, but, like everyone else in the Communist Party, he fears the kinds of demonstrations against unemployment that are routine in Western countries, but anathema to the authorities in mainland China.

If there is a lesson China has taken from the Asian financial crisis, it is that a solid banking system goes hand in hand with sustainable economic growth and continued access to foreign funds, analysts say. China has to get its big four state-owned banks on to a commercial footing, instead of forcing them to lend money to state industries that will never pay the loans back.

"Although you as a foreign banker don't mind doing business with the Chinese government, increasingly you want to do business with a bank that's viable," said a credit analyst in Hong Kong.

Foreign investors and lenders are cheering for Mr. Zhu, but are struggling with basic questions about China, including: how big the debt problem is; whether sales of state assets will return to the pace seen last year; and how long the currency can stay at its current fixed exchange rate.

The level of nonperforming loans in China is "anybody's guess," said Lynn Ertion, a fixed-income analyst at Merrill



A pedicab driver doing his morning exercises on a roadside in Beijing.

Lynch in Hong Kong, who added that she believed a figure of 35 percent was not unreasonable. That is far higher than the official estimate of 20 percent, but the guesswork comes because no one is certain how much money the banks are owed by state-owned industries in China, which often measure success by quantity of output instead of profit.

The problem the Chinese leadership has in turning off the money tap to loss-making industries is that such a move could trigger mass unemployment, especially because in some regions of China, nonperforming loans are thought to be worth as much as 60 percent of all lending.

As important as financial reform is, "stability is the main concern," said Maurien Yau, a China equities analyst at Bear Stearns in Hong Kong. She noted a report in the Wednesday issue of Hong Kong Economic Times, which said that Mr. Zhu had "requested all representatives" to the congress to keep unemployed demonstrators off the streets of Beijing during the meeting.

Given that inflation in China has been all but wiped out and debts are uncollectable, it might seem obvious that Mr. Zhu would favor a reduction in interest rates. But with exports and foreign investment expected to slow this year, and a black market exchange rate for the yuan now more than 8 percent below the official rate, there is a chance that too great an interest rate cut could destabilize not only China's currency, the yuan, but the Hong Kong dollar, too.

China's authorities will try to stimulate the economy this year by printing money, and that is likely to put down-

ward pressure on the yuan in 1999, said David Roche, analyst at Independent Strategy in London, who said the currency could fall by 25 percent.

Also watching Mr. Zhu keenly are equity investors. After mainland government-backed shares in Hong Kong tumbled last October along with the rest of the region's markets, they staged a brief recovery last week on hopes the congress would accelerate the sale of government assets to Chinese companies listed on the Hong Kong stock exchange.

The Hang Seng China-Affiliated Corporations Index, which tracks so-called red chips, or shares in China-backed companies incorporated and listed in Hong Kong, rose by 14 percent last week, on hopes of an interest rate cut and an increase in the amount of state assets sold to red chips. The index fell 1.3 percent Wednesday, though, as investors concluded that "things may not be that easy" to accomplish, said Ms. Yau.

That is because Mr. Zhu and his team are struggling over how to reform the country's industries. China's former model for growth was South Korea, and Chinese officials had openly admired the high-octane growth of that country's conglomerates, the *chaebol*, until South Korean companies and banks began to collapse under a mountain of debt last year.

Ms. Ertion at Merrill Lynch said the level of nonperforming loans in China could balloon as companies adopted "a more Western type of accounting that really focuses on true profit and loss of the companies instead of measuring them on their output."

BHP's Chief Resigns Under Pressure

Promise of Change at Troubled Mining Company Sends Shares Up 8%

Compiled by Our Staff From Dispatches

MELBOURNE — The chief executive of Australia's corporate flagship, Broken Hill Proprietary Co., gave in Wednesday to demands that he resign, sending the troubled mining company's stock up 8 percent.

A wave of buying greeted news that John Prescott, the managing director, would leave the steel, mining and oil group, lifting BHP's shares to 15.51 Australian dollars (\$22.80), up 1.17 dollars.

"The market suspected for a long time that it might happen. I just think they're surprised that it did happen," said Michael Heffernan, a client adviser at the brokerage Dicksons.

Mr. Prescott, 57, who will stay until a successor is found, had come under pressure from investors after two years of weak profits, a major project cost blowout and management turmoil.

"We have reached a crossroads where John has come to the view that a fresh mind would be helpful," the BHP chairman, Jerry Ellis, said.

Mr. Prescott said he believed the company would be better off with a new face at the helm, although he regretted having to leave during a crisis.

"With great personal anguish, I have reached the view that the company may be better served if a new person was to set the future course for BHP, beyond the successful implementation of current initiatives," he said.



John Prescott, who headed Broken Hill for the past seven years.

The resignation capped a tumultuous 12 months for the diversified mining company, which has suffered the indignity of slipping behind Rupert Murdoch's News Corp. and National Australia Bank in market capitalization.

Once known as the "Big Australian," BHP saw public sentiment turn

after it closed down its historic steelworks at Newcastle, once a thriving company town.

It has also been wounded by high-profile firings, disastrous acquisitions and a perception that its corporate culture was old-fashioned and overly bureaucratic.

Mr. Prescott, who has spent his entire career at BHP, was closely identified with that culture and repeatedly had to fend off attacks on his leadership from shareholders and the media.

Mr. Ellis said an international search would begin immediately for a new managing director and that the board had also resolved to accelerate a program of cost-cutting and asset sales.

"This strategy is a reconfirmation of the previous one with some additional impetus to increase its urgency," he said.

BHP has said that as much as 10 percent of its 37 billion dollars in assets are performing poorly and that 4 billion dollars of asset sales are possible.

Faced with falling commodity prices, it has also begun a cost-cutting drive.

BHP is the world's second-largest producer of copper, but the copper price is near 10-year lows and the company's recently acquired American mines are struggling to curb costs.

BHP's biggest earner, the petroleum division, now faces sharply weaker oil prices as well. (Reuters, AFP)

The Urge to Merge And Buy Picks Up A Fast Pace in '98

New York Times Service

NEW YORK — Overall, 1998 is shaping up to be the most hectic mergers-and-acquisition season on record, and the momentum seems unstoppable.

Through Feb. 26, 1,444 domestic transactions valued at \$138.5 billion have been announced, according to the Securities Data Co., surpassing the previous record of 1,548 deals worth \$128 billion in the same period of 1997.

Volume for all of 1997 set a record for the fourth consecutive year.

"The merger train is still on track and gaining speed," Richard Peterson, a Securities Data spokesman, said.

Gary Parr, co-head of Morgan Stanley's global mergers-and-acquisitions, said, "We're busier than we've ever been, and it doesn't look like it will slow down."

So far this year, the financial-services industry — including banks, investment firms and insurance companies — is leading the merger pack with 119 announced bids worth \$24.9 billion, according to Securities Data Co. of Newark, New Jersey.

Telecommunications companies are not far behind, with 31 proposed transactions valued at \$23.5 billion, followed by the business-services sector, where an \$8.4 billion hostile bid by Computer Associates for Computer Sciences Corp. drove the total up to \$13.5 billion.

Similarly, Halliburton Co.'s agreement last week to buy Dresser Industries for \$7.7 billion skewed the data for the machinery industry, thrusting it to No. 4, even though machinery is not expected to be hot this year.

Amid the continuing merger boom, insurance is just one of several areas that are expected to be especially active, with the forces driving consolidation varying by industry.

Pharmaceutical companies, for example, are scrambling to find partners to help underwrite the huge cost of developing the next blockbuster drug and marketing their products to five continents.

Utility companies and banks, by contrast, want to grow to meet the challenges of deregulation.

Last year, 45 percent of the \$1.58 trillion of worldwide mergers and acquisitions were outside North America, according to J.P. Morgan & Co.

This year, Europe is expected to be even livelier, in part because of the privatization of government-owned concerns and the deregulation of telecommunications and financial institutions.

Recently, for example, Allianz AG, a German insurer, announced a bid to acquire Assurances Generales de France, a French rival, for more than \$10 billion.

If completed, it would be the largest-ever foreign takeover of a French company.

Once the smoke from Asia's financial crisis starts to clear, two trends are likely to emerge.

Already, cash-poor Asian companies are seeking buyers for subsidiaries to raise money quickly. U.S. companies that want a presence in Japan or South Korea will finally be able to buy it.

"For the first time, you can afford to raid a Korean company," said Steven Koch, a co-head of the mergers group at Credit Suisse First Boston. "Two months ago, you couldn't do that."

Fraud Prompts CompuServe to Log Out of Russia

By Peter S. Green
International Herald Tribune

PRAGUE — The American on-line service, CompuServe, has said *nye* to Russia and cut off Bulgaria, too.

Too many hackers have logged in on false accounts or with falsified or stolen credit card numbers, the company said, racking up massive charges on the services that connect users in those countries in CompuServe's host computers in the United States and Western Europe.

A spokesman for America Online Inc., which owns CompuServe, said the fraud had reached "intolerable" levels. AOL cut off its own access to Russia in January 1997 because of fraud.

"The fraud was the use of the network and communication access charges, and no one on the other end to pay those charges," said a spokesman, Rich D'Amato.

He said the cancellation would affect about 500 subscribers, but he declined to say how much the fraud had cost CompuServe.

Subscribers will still be able to reach CompuServe from those countries through local Internet service providers. That will probably be less expensive than dialing CompuServe access numbers. In Bulgaria, Russia and scores of other countries where CompuServe does not have its own host computers, the company charges access fees ranging from \$10 to \$18 an hour to connect through local firms.

AOL was charging subscribers in Russia \$34 an hour to link up before it unplugged.

In December, Russia agreed with the Group of Seven industrialized nations to cooperate in fighting computer crime. But in many countries, much computer fraud is not classified as criminal. And such cross-border fraud as the CompuServe case is often not covered by extradition treaties.

The Business Software Association says software piracy is rampant in Central and Eastern Europe.

Mr. Soros said he gained "a very favorable" interest rate on the loan, but refused to elaborate further on the transaction.

The government managed to deliver on Mr. Yeltsin's promise in July, stretching its resources to the limit.

Mr. Soros said he gained "a very favorable" interest rate on the loan, but refused to elaborate further on the transaction.

Unions Reject Bonn's Offer in Salary Talks

Bloomberg News

STUTTGART — Declaring that talks had failed, German public-sector workers' unions on Wednesday rejected a 1.4 percent wage-increase offer for 3.2 million workers in 1998.

The unions also declined to exercise their option to call an independent mediator to break the deadlock in the dispute. The government must now decide whether it wants to exercise this right, which might help avert a strike. German state workers have gone on strike only twice in almost five decades.

Herbert Mai, a spokesman for Germany's OeTV public-sector workers union, called the government's initial

offer "unacceptable" and "deeply disappointing." The offer falls short of union demands and barely matches the January inflation rate of 1.3 percent.

"It's not an offer. It's a wish list," said Harald Reuter, an OeTV spokesman.

The German government is trying to keep a lid on public salaries and hold down spending so it can continue to meet the requirements for European monetary union. But a strike by the union could paralyze public services such as local train service and damage the German economy.

Mr. Mai said his members were prepared to strike to secure jobs.

Union negotiators had requested cla-

rification on three issues: the government's plan to cut sick pay, its wage-increase offer, and its position on union demands for East German public employees' pay to be raised to western levels.

The 1.7-million member OeTV public-sector and transport workers' union and the DAG white-collar workers' union, which has 500,000 members, demanded a 4.5 percent wage increase. The government's proposed wage package consists of a 1.4 percent wage increase in 1998, rising to 1.8 percent in 1999. The government did not make an offer to increase eastern wages, which are at 85 percent of western pay.

CURRENCY & INTEREST RATES

March 4														Libid-Libor Rates														March 4													
Cross Rates														Libid-Libor Rates														March 4													

THE AMERICAS

Dollar Firms After Remarks By Greenspan

Bloomberg News
NEW YORK — The dollar rose against the Deutsche mark and the yen Wednesday amid expectations U.S. economic growth would outpace Germany's and Japan's.

Confidence in the dollar gained as the Federal Reserve chairman, Alan Greenspan, offered an upbeat assessment of the economy and as traders speculated that a report due Friday will show the U.S. unemployment rate last month fell back to an 18-year low.

In contrast, a German government report Thursday is expected to put the February jobless rate near a postwar high.

"It's clear the U.S. growth pace is outstripping that of Germany and Japan," said Bob Lynch, a currency strategist at Paribas Corp. "That provides underlying support for the dollar." He expects the dollar to climb to 130 yen by the end of the month.

The dollar was quoted at 4 P.M. at 1.8185 DM, up from 1.8104 DM Tuesday. It rose in 126.67 yen from 126.34 yen. In other trading, the dollar strengthened to 6.102 French francs, from 6.070. It also rose to 1.4802 Swiss francs from 1.4687. The pound eased to \$1.6477 from \$1.6515.

Expectations for a gloomy German jobs report deepened after the German news service DPA reported that 4.82 million people were jobless in February, near the January level, citing "sources close to the Federal Labor Office." Such reports in the past have proved accurate.

The U.S. data on Friday are expected to show that the economy is generating jobs at a healthy pace. "Domestic demand retained some of its considerable momentum going into this year," Mr. Greenspan said in remarks to the House Budget Committee. "The economy looks like it's just started its recovery in many respects."

Still, he warned that the impact of slowing Asian economies on U.S. growth remains to be seen.

In Japan, speculation the government will take action to boost its economy underpinned the yen. The deputy finance minister for international affairs, Eisuke Sakakibara, responded to criticism that Japan has not done enough to shore up faltering neighboring economies.

By Elizabeth Corcoran

Washington Post Service

WASHINGTON — A coalition of high-technology companies and organizations announced an advertising campaign Wednesday aimed at enlisting public support for easing federal restrictions on technology that curbs eavesdropping on computer communications.

Bnt sources said the government hoped to defuse criticism of its current stance in favor of the restrictions by saying that it has no plans to seek controls on such data-scrambling technology when used within the United States, and wants to work with the computer industry to find ways to balance privacy concerns with the needs of law enforcement.

The newly formed group, Americans for Computer Privacy, has attracted at least \$5 million in funding, including donations from some of the biggest names in high technology, including Intel Corp., Microsoft Corp., and Cisco Systems Inc.

The group plans to use broadcast and print ads to convince people that encryption, as the technology for locking up data and information is known, is more than a computer industry issue, said Ed Gillespie, who heads the new group. Mr. Gillespie is also president of Policy

Americans for Computer Privacy has attracted donations from some of the biggest names in high technology.

Impact Communications, and was a key strategist behind the "Contract With America," the initiative that Americans for Computer Privacy said its ad campaign aimed to tout not the technology, but its purposes: protecting people's privacy, keep-

ing their medical records and online financial transactions secure, and helping ensure that U.S. companies remain competitive.

"The message is aimed at getting out to America and back to Congress," Mr. Gillespie said. In particular, the group supports a bill in Congress, introduced by Representative Robert Goodlatte, Republican of Virginia, that would loosen the government's restrictions on exporting encryption technology.

There are no federal rules that limit how people use encryption technology within the United States. Instead, the government has relied on an indirect lever: controls on the export of technology. Limits on what software companies can export has an effect on domestic products, because companies say they are reluctant to build and support different products for their U.S. and foreign customers.

Law enforcement officials still worry that if encryption technology becomes widely used within the United States, they will have a

tougher time intercepting the communications of suspected terrorists or criminals.

The FBI director, Louis Freeh, last fall championed legislative proposals that would make it illegal to use or make encryption technology that would not offer law enforcement officials a way to peek at the encoded material. To opponents, such legislation was a call for domestic encryption controls and a threat to computer users' ability to protect their information.

Some privacy advocacy groups, including the Center for Democracy and Technology, hope that the Americans for Computer Privacy campaign will spur efforts to pass legislation that would squelch domestic controls.

The computer industry "realizes that it can't have the Internet it wants" and growth in electronic commerce "without strong privacy protection," said Daniel Weitzner, deputy director of the Center for Democracy and Technology.

Disney Loses Its Magic, Pulling Down Stocks

Compiled by Our Staff From Dispatches
NEW YORK — Stocks fell Wednesday after analysts lowered their profit outlook for Walt Disney, which triggered concern that other earnings will fall short of expectations.

The Dow Jones industrial average closed 45.59 points lower at 8,539.24, pulling back from five straight record-setting sessions. The Standard & Poor's 500 index fell

Higher interest rates in the Treasury bond market also worried stock investors. Although rates dropped slightly Wednesday, the benchmark 30-year issue is now yielding over 6 percent. That makes loans more expensive, squeezing corporate profits and making it harder for investors to raise cash to buy shares.

The price of the 30-year issue closed up 13/32 point Wednesday, at 101 4/32, taking the yield down to

6.04 percent from 6.07 percent Tuesday.

Compaq Computer was the most active issue, falling 3/4 to 29 7/16 after analysts said they were concerned that a steady drop in computer prices could erode profits for some computer makers.

Microsoft fell 2 3/4 to 81 1/4 a day after its chairman, Bill Gates, told a Senate hearing that the world's largest software company restricts

to some degree — the ability of its Internet partners from advertising or promoting rival Netscape Communications. The Justice Department is probing possible anticompetitive practices by Microsoft. Netscape rose 1/4 to 19 13/16.

Kmart rose 1/4 to 14 13/16 after reporting profit of \$186 million in its fourth quarter, reversing a loss of \$164 million a year ago.

(Bloomberg, AP)

U.S. STOCKS

4.68 points to 1,047.34 and losing issues outnumbered gaining ones by a 3-to-2 ratio on the New York Stock Exchange.

Disney pulled the Dow lower, falling 3 1/16 to 106 1/16 after two brokerage houses cut their profit estimates on the company, blaming poor theme park attendance, lackluster box office receipts and stepped-up competition for ABC television.

"Disney's guiding estimates lower, and investors are worried that a number of companies will do this," said Tim Ghriskey, a money manager at Dreyfus Corp. "People believe it's not going to be just a few companies, but a bunch of them warning about their profits."

Intel rose 1 3/16 to 86 1/4, but the chipmaker said after the close of trading that its first-quarter profit would not meet analysts' expectations because of slower sales.

House Leaders Near IMF Financing Deal

Compiled by Our Staff From Dispatches
WASHINGTON — Leaders in the House Banking Committee are close to a compromise on legislation to finance the International Monetary Fund and make it more accountable after negotiations with the Clinton administration, committee sources said Wednesday.

"We're very close to a deal," one source said. The sources said Treasury officials, including Lawrence Summers, the deputy Treasury secretary, had been working with high-ranking Republicans and Democrats on the legislation.

Dick Gephardt, the House minority leader, said Wednesday that most House Democrats would support President Bill Clinton's request for \$18 billion in additional funding for the IMF.

"Then the Republicans will have to decide whether they want to fund the IMF," Mr. Gephardt said. The House Banking Committee sources said the deal would incorporate reforms proposed by the committee's chairman, Representative Jim Leach, Republican of Iowa, and Representative John LaFalce, Democrat of New York.

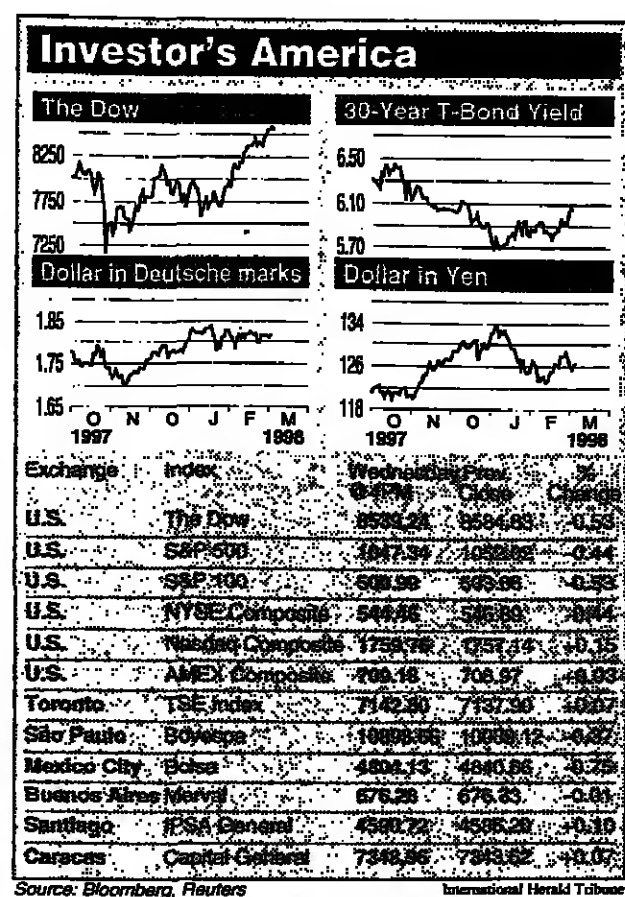
It would encourage the IMF to be more flexible in its economic programs and urge the lending agency to focus more on labor issues.

The sources said the compromise may also include proposals by the second-ranking Democrat in the House, Minority Whip David Bonior of Michigan.

Mr. Bonior wants the Treasury Department to create an advisory panel to review IMF programs as a condition for U.S. funding. He also wants the Treasury secretary to report twice a year to Congress about the IMF and Washington's role in its programs. The legislation would stop short of requiring sweeping changes at the IMF.

The compromise, once hammered out, will be introduced on Thursday, when the House Banking Committee is scheduled to vote on IMF funding, committee aides said.

(Reuters, Bloomberg)



Very briefly:

- General Electric Co.'s GE Capital Services agreed to sell its commercial data center's outsourcing business to International Business Machine Corp.'s IBM Global Services subsidiary for an undisclosed sum.
- First Union Corp. will buy Money Store Inc. for \$2.1 billion in stock and will require the home-equity lender to use accounting standards that are more conservative and potentially less profitable.
- Mark Whitacre, a former executive at Archer Daniels Midland Co., was sentenced to nine years in prison for defrauding the agribusiness company of more than \$9 million.
- Brazil's unemployment rate rose sharply in January, to 7.25 percent from 4.84 percent in December, fueling fears the economy is slipping into a slump. The January rate was the highest for the month since 1985.
- General Motors Corp.'s U.S. sales of cars and light trucks fell 7.1 percent in February, while Ford Motor Co.'s sales rose 0.6 percent in the month.
- Budget Group Inc., a car and truck rental company, agreed to acquire Ryder Trs. Inc., a truck rental firm, from an investment group led by Qwest Partners Fund LP for \$265 million.

Bloomberg, Reuters

IMF Frees Thailand Installment

Bloomberg News
WASHINGTON — The International Monetary Fund said Wednesday that Thailand was complying with IMF-mandated economic reforms and could receive the next installment of its international economic bailout package.

The new loan installment, for \$270 million, is the third approved by the IMF. The Fund agreed in August to lend Thailand a total of \$3.9 billion, part of a \$17 billion international rescue package negotiated after Thailand's currency collapsed in August.

AMEX

Wednesday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	High	Low	Open	Close
IBM	124.00	123.00	123.00	123.00
Microsoft	86.00	85.00	85.00	85.00
Intel	86.00	85.00	85.00	85.00
Oracle	54.00	53.00	53.00	53.00
Sun	40.00	39.00	39.00	39.00
HP	34.00	33.00	33.00	33.00
Motorola	28.00	27.00	27.00	27.00
IBM	124.00	123.00	123.00	123.00
Microsoft	86.00	85.00	85.00	85.00
Intel	86.00	85.00	85.00	85.00
Oracle	54.00	53.00	53.00	53.00
Sun	40.00	39.00	39.00	39.00
HP	34.00	33.00	33.00	33.00
Motorola	28.00	27.00	27.00	27.00

U. S. STOCK MARKET DIARY

Index	High	Low	Open	Close
Dow Jones	8554.93	8539.24	8554.93	8539.24
S&P 500	1029.56	1029.56	1029.56	1029.56
NYSE Composite	589.83	589.83	589.83	589.83
NASDAQ Composite	1759.58	1759.58	1759.58	1759.58
AMEX Composite	700.97	700.97	700.97	700.97
Dow Jones	8554.93	8539.24	8554.93	8539.24
S&P 500	1029.56	1029.56	1029.56	1029.56
NYSE Composite	589.83	589.83	589.83	589.83
NASDAQ Composite	1759.58	1759.58	1759.58	1759.58
AMEX Composite	700.97	700.97	700.97	700.97

INTERNATIONAL FUTURES

March 4, 1998		High Low		Latest Close		Open	
Grains							
CORN (CBOT)							
3,000 lbs. minimum—cents per bushel							
Mar 98	267 1/2	265 1/2	266 1/2	14	14 1/2	14 1/2	14 1/2
Apr 98	267 1/2	270 1/2	270 1/2	+110	13 3/4	13 3/4	13 3/4
Jul 98	267 1/2	269 1/2	269 1/2	+110	14 1/2	14 1/2	14 1/2
Sep 98	267 1/2	267 1/2	267 1/2	+110	14 1/2	14 1/2	14 1/2
Nov 98	267 1/2	267 1/2	267 1/2	+110	14 1/2	14 1/2	14 1/2
Mar 99	270 1/2	270 1/2	270 1/2	+110	14 1/2	14 1/2	14 1/2
Est. sales 25,000 Tons	Settles 111						
Est. sales 25,000 Tons	Settles 67,822						
Tours open at 341,979	up 3,293						
SOYBEAN MEAL (CBOT)							
40,000 lbs. cents per bushel							
Mar 98	128 1/2	128 1/2	128 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	128 1/2	128 1/2	128 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	128 1/2	128 1/2	128 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	128 1/2	128 1/2	128 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	128 1/2	128 1/2	128 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	128 1/2	128 1/2	128 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 10,000 Tons	Settles 27,621						
Tours open at 128,155	up 41						
SOYBEAN OIL (CBOT)							
60,000 lbs. cents per bushel							
Mar 98	26 1/2	26 1/2	26 1/2	-37	35 1/4	35 1/4	35 1/4
Apr 98	26 1/2	26 1/2	26 1/2	-37	35 1/4	35 1/4	35 1/4
Jul 98	26 1/2	26 1/2	26 1/2	-37	35 1/4	35 1/4	35 1/4
Sep 98	26 1/2	26 1/2	26 1/2	-37	35 1/4	35 1/4	35 1/4
Nov 98	26 1/2	26 1/2	26 1/2	-37	35 1/4	35 1/4	35 1/4
Mar 99	26 1/2	26 1/2	26 1/2	-37	35 1/4	35 1/4	35 1/4
Est. sales 22,000 Tons	Settles 31,344						
Tours open at 129,714	up 441						
SOYBEANS (CBOT)							
5,000 lbs. minimum—cents per bushel							
Mar 98	64 1/2	64 1/2	64 1/2	+110	5 1/2	5 1/2	5 1/2
Apr 98	64 1/2	64 1/2	64 1/2	+110	5 1/2	5 1/2	5 1/2
Jul 98	64 1/2	64 1/2	64 1/2	+110	5 1/2	5 1/2	5 1/2
Sep 98	64 1/2	64 1/2	64 1/2	+110	5 1/2	5 1/2	5 1/2
Nov 98	64 1/2	64 1/2	64 1/2	+110	5 1/2	5 1/2	5 1/2
Mar 99	64 1/2	64 1/2	64 1/2	+110	5 1/2	5 1/2	5 1/2
Est. sales 47,000 Tons	Settles 37,884						
Tours open at 138,367	up 1,143						
WHEAT (CBOT)							
5,000 lbs. minimum—cents per bushel							
Mar 98	22 1/2	22 1/2	22 1/2	-31	3 1/2	3 1/2	3 1/2
Apr 98	22 1/2	22 1/2	22 1/2	-31	3 1/2	3 1/2	3 1/2
Jul 98	22 1/2	22 1/2	22 1/2	-31	3 1/2	3 1/2	3 1/2
Sep 98	22 1/2	22 1/2	22 1/2	-31	3 1/2	3 1/2	3 1/2
Nov 98	22 1/2	22 1/2	22 1/2	-31	3 1/2	3 1/2	3 1/2
Mar 99	22 1/2	22 1/2	22 1/2	-31	3 1/2	3 1/2	3 1/2
Est. sales 17,000 Tons	Settles 18,917						
Tours open at 92,004	up 329						
Livestock							
CATTLE (CME)							
40,000 lbs. cents per lb.							
Mar 98	65 1/2	64 1/2	64 1/2	-37	32 1/4	32 1/4	32 1/4
Apr 98	65 1/2	64 1/2	64 1/2	-37	32 1/4	32 1/4	32 1/4
Jul 98	65 1/2	64 1/2	64 1/2	-37	32 1/4	32 1/4	32 1/4
Sep 98	65 1/2	64 1/2	64 1/2	-37	32 1/4	32 1/4	32 1/4
Nov 98	65 1/2	64 1/2	64 1/2	-37	32 1/4	32 1/4	32 1/4
Mar 99	65 1/2	64 1/2	64 1/2	-37	32 1/4	32 1/4	32 1/4
Est. sales 21,313 Tons	Settles 14,114						
Tours open at 101,821	up 990						
FEEDER CATTLE (CME)							
40,000 lbs. cents per lb.							
Mar 98	74 1/2	74 1/2	74 1/2	-40	3 1/2	3 1/2	3 1/2
Apr 98	74 1/2	74 1/2	74 1/2	-40	3 1/2	3 1/2	3 1/2
Jul 98	74 1/2	74 1/2	74 1/2	-40	3 1/2	3 1/2	3 1/2
Sep 98	74 1/2	74 1/2	74 1/2	-40	3 1/2	3 1/2	3 1/2
Nov 98	74 1/2	74 1/2	74 1/2	-40	3 1/2	3 1/2	3 1/2
Mar 99	74 1/2	74 1/2	74 1/2	-40	3 1/2	3 1/2	3 1/2
Est. sales 11,817 Tons	Settles 3,274						
Tours open at 177,946	up 3,174						
HOGS—LEAN (CME)							
40,000 lbs. cents per lb.							
Mar 98	67 1/2	67 1/2	67 1/2	-40	12 1/2	12 1/2	12 1/2
Apr 98	67 1/2	67 1/2	67 1/2	-40	12 1/2	12 1/2	12 1/2
Jul 98	67 1/2	67 1/2	67 1/2	-40	12 1/2	12 1/2	12 1/2
Sep 98	67 1/2	67 1/2	67 1/2	-40	12 1/2	12 1/2	12 1/2
Nov 98	67 1/2	67 1/2	67 1/2	-40	12 1/2	12 1/2	12 1/2
Mar 99	67 1/2	67 1/2	67 1/2	-40	12 1/2	12 1/2	12 1/2
Est. sales 6,422 Tons	Settles 6,110						
Tours open at 79,186	up 820						
PORK BELLIES (CME)							
40,000 lbs. cents per lb.							
Mar 98	41 1/2	40 1/2	40 1/2	-38	1 1/2	1 1/2	1 1/2
Apr 98	41 1/2	40 1/2	40 1/2	-38	1 1/2	1 1/2	1 1/2
Jul 98	41 1/2	40 1/2	40 1/2	-38	1 1/2	1 1/2	1 1/2
Sep 98	41 1/2	40 1/2	40 1/2	-38	1 1/2	1 1/2	1 1/2
Nov 98	41 1/2	40 1/2	40 1/2	-38	1 1/2	1 1/2	1 1/2
Mar 99	41 1/2	40 1/2	40 1/2	-38	1 1/2	1 1/2	1 1/2
Est. sales 3,179 Tons	Settles 2,928						
Tours open at 11,799	up 132						
Food							
COCA (CME)							
10 metric tons—\$ per ton							
Mar 98	161 1/2	161 1/2	161 1/2	+31	82	82	82
Apr 98	161 1/2	161 1/2	161 1/2	+31	82	82	82
Jul 98	161 1/2	161 1/2	161 1/2	+31	82	82	82
Sep 98	161 1/2	161 1/2	161 1/2	+31	82	82	82
Nov 98	161 1/2	161 1/2	161 1/2	+31	82	82	82
Mar 99	161 1/2	161 1/2	161 1/2	+31	82	82	82
Est. sales 12,000 Tons	Settles 6,858						
Tours open at 79,775	up 154						
COFFEE C (CME)							
12,000 lbs. cents per lb.							
Mar 98	152 1/2	150 1/2	150 1/2	-9 1/2	49 1/2	49 1/2	49 1/2
Apr 98	152 1/2	150 1/2	150 1/2	-9 1/2	49 1/2	49 1/2	49 1/2
Jul 98	152 1/2	150 1/2	150 1/2	-9 1/2	49 1/2	49 1/2	49 1/2
Sep 98	152 1/2	150 1/2	150 1/2	-9 1/2	49 1/2	49 1/2	49 1/2
Nov 98	152 1/2	150 1/2	150 1/2	-9 1/2	49 1/2	49 1/2	49 1/2
Mar 99	152 1/2	150 1/2	150 1/2	-9 1/2	49 1/2	49 1/2	49 1/2
Est. sales 10,811 Tons	Settles 19,681						
Tours open at 129,309	up 1,763						
TIGERBELL (11) (CME)							
12,000 lbs. cents per lb.							
Mar 98	9 1/2	9 1/2	9 1/2	+81	85 1/2	85 1/2	85 1/2
Apr 98	9 1/2	9 1/2	9 1/2	+81	85 1/2	85 1/2	85 1/2
Jul 98	9 1/2	9 1/2	9 1/2	+81	85 1/2	85 1/2	85 1/2
Sep 98	9 1/2	9 1/2	9 1/2	+81	85 1/2	85 1/2	85 1/2
Nov 98	9 1/2	9 1/2	9 1/2	+81	85 1/2	85 1/2	85 1/2
Mar 99	9 1/2	9 1/2	9 1/2	+81	85 1/2	85 1/2	85 1/2
Est. sales 10,811 Tons	Settles 19,681						
Tours open at 129,309	up 1,763						
ORANGE JUICE (CME)							
15,000 lbs. cents per lb.							
Mar 98	102 1/2	99 1/2	101 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	102 1/2	99 1/2	101 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	102 1/2	99 1/2	101 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	102 1/2	99 1/2	101 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	102 1/2	99 1/2	101 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	102 1/2	99 1/2	101 1/2	+110	10 1/2	10 1/2	10 1/2
Tours open at 34,507	up 1,010						
Metals							
GOLD (COMEX)							
100 troy oz.—dollars per troy oz.							
Mar 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 25,000 Tons	Settles 25,000						
Tours open at 101,115	up 300						
NICKEL (COMEX)							
100,000 lbs. cents per lb.							
Mar 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 25,000 Tons	Settles 25,000						
Tours open at 101,115	up 300						
HIGH GRADE COPPER (COMEX)							
25,000 lbs. cents per lb.							
Mar 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 25,000 Tons	Settles 25,000						
Tours open at 101,115	up 300						
SILVER (COMEX)							
100,000 lbs. cents per lb.							
Mar 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 25,000 Tons	Settles 25,000						
Tours open at 101,115	up 300						
PLATINUM (COMEX)							
100,000 lbs. cents per lb.							
Mar 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 25,000 Tons	Settles 25,000						
Tours open at 101,115	up 300						
GERMAN GOV. BUND (LFF)							
100,000 lbs. cents per lb.							
Mar 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Apr 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Jul 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Sep 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Nov 98	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Mar 99	268 1/2	268 1/2	268 1/2	+110	10 1/2	10 1/2	10 1/2
Est. sales 25,000 Tons	Settles 25,000						
Tours open at 101,115	up 300						

EUROPE

Norway to Postpone Gas and Oil Projects

OSLO — The government said Wednesday it planned to postpone all oil and gas projects by a year in an unprecedented program to dampen booming economic growth.

"There are big dangers that the economy will overheat," Marit Arnstad, the oil and energy minister, told Parliament. She said the delays, designed to cut 5.2 billion kroner (\$687.1 million) from 1998 investments of 66.9 billion kroner, would cool the economy.

The reductions affect a total of 12 oil and gas projects.

"The government has decided to delay investments in all fields under consideration by one year to 1999 from 1998," Mrs. Arnstad said. The central bank has forecast gross do-

meistic product growth of 5 percent in 1998.

Norway is the second-largest oil exporter in the world after Saudi Arabia, pumping 3.3 million barrels per day. The delays would have a long-term impact on the development of Norway's reserves and are unrelated to efforts by the Organization of Petroleum Exporting Countries to prop up sagging oil prices.

Mrs. Arnstad said that, without any curbs, projected 1998 investments in the oil and gas sector would surge to 66.9 billion kroner, which is 13.7 billion kroner above the forecast in the 1998 budget.

She said postponements would benefit oil companies, which she said were having to pay record high rig rates and high salaries because of shortages of specialized labor.

The delay would cut 1999 investments by 11.5 billion kroner, Mrs. Arnstad said, adding that investments in projects tended to be higher in the second year after they start.

Mrs. Arnstad said four of the projects — Norsk Hydro A/S's Fram and Grane; Statoil A/S's Gullfaks satellites; and Saga Petroleum A/S's Snorre 2 — were so big that they would require parliamentary approval.

Saga warned last month that a two-year delay in the project would cut recoverable oil volumes since the reservoir pressure would irretrievably fall. Such a delay would wipe out 4 billion kroner worth of production, it said.

VEBA to Acquire Rest of Degussa

FRANKFURT — VEBA AG said Wednesday that its Huls AG chemicals unit would acquire the specialty chemicals maker Degussa AG, extending the German company's international reach, in a stock swap estimated at more than 5 billion Deutsche marks (\$2.75 billion).

VEBA, an electricity supplier also active in oil and telecommunications, paid 2.9 billion DM in May for a 36.4 percent stake in Degussa, and the companies had said they were discussing a merger.

Degussa-Huls AG would have about 25 billion DM in sales, rivaling Imperial Chemical Industries PLC for fifth place among European companies in the specialty chemicals sector, analysts said. Its main products would include paint additives and hydrogen peroxide.

Degussa said the companies must still agree on the values of the companies and exchange ratio for the stocks before the plan can be submitted to shareholders for approval.

The takeover is the latest such deal in the European specialty chemicals industry. Clariant AG of Switzerland bought the specialty chemicals business of Hoechst AG of Germany last year, while VIAG AG's SKW Trostberg AG doubled in size after the German company bought Master Builders Technologies from Sandoz AG of Switzerland.

Restructuring Takes Toll on Profit at Vickers

Compiled by Our Staff From Dispatches

LONDON — Vickers PLC said Wednesday that its pretax profit fell to £19.4 million (\$32.1 million) last year from £83.2 million the previous year and warned that 1998 was going to be difficult as it pressed ahead with its restructuring.

Vickers is undergoing a major restructuring to concentrate on jet-engine and weapons manufacturing. It sold its medical division in 1997 and is now planning to sell its Rolls-Royce PLC luxury-car business.

After taxes, Vickers posted a loss of £2.2 million, compared with a £56.6 million profit in 1996. Sales were steady at £1.2 billion.

Colin Chandler, chairman and chief executive, said the company had a strong basis for growth. "However, given the extent and the nature of the changes under way, the possibilities for overall growth in 1998 will be constrained while the group adapts to its new structure and the strategy put in train in 1997," he said.

Vickers' shares fell 12 pence, to close at 201 pence.

Mr. Chandler reiterated Vickers' aim to return cash to shareholders and expand the propulsion and defense businesses through acquisitions, using the proceeds of disposals. (AFP, Reuters, Bloomberg)

Russia's Budget Bolsters Hopes for Ruble and Loan

Compiled by Our Staff From Dispatches

BOON — Boris Nemtsov, the first deputy prime minister of Russia, said Wednesday that the passage of the 1998 budget would help prop the ruble and that he expected the International Monetary Fund to give Russia a loan in May.

Speaking in Bonn, Mr. Nemtsov hailed the decision of the Russian Duma, or lower house of Parliament, to approve a budget that will help narrow the federal budget deficit. The budget is the "most realistic" so far, he said, and he expected it to help support the ruble.

The ruble has fallen since October amid turmoil in emerging financial markets. It closed Wednesday at 6.075 rubles, little changed from 6.073 on Tuesday.

The country's improving financial picture will enable the Bank of Russia to lower the refinancing rate—or rate commercial banks charge each other to borrow money—by the end of the year, Mr. Nemtsov said.

The bank last cut the refinancing rate Friday, when it lowered it to 36 percent from 39 percent. It was the second cut in less than a month.

Michel Camdessus, the IMF's managing director, said last month that the agency would extend by one year and increase the scale of Russia's three-year \$9.3 billion loan.

The budget's passage Wednesday marked the end of five months of wrangling. Deputies and the government expected a tough battle during the session Wednesday after the initial attempt to pass the long-overdue budget in the Duma at its fourth

and final reading brought confusion and deadlock on Feb. 20.

But passage came after Gennadi Seleznev, the speaker of the Duma, cut short a debate on amendments by demanding "I ask you to vote for the budget as a whole."

"The budget is passed, thank you," he said a minute later when big screens showed 252 deputies of the opposition-dominated chamber voted for the draft, slightly more than the 226 needed.

The government had been leaning on the Duma to pass the budget since October, saying it was crucial for maintaining a stable economic growth in 1998.

But late last month President Boris Yeltsin said the draft needed serious gap-filling amendments to take account of the Asian financial crisis. (Bloomberg, Reuters)

Thomson's Profit Tripled Last Year

Reuters

PARIS — Thomson-CSF reported Wednesday a tripling in 1997 profit, giving the defense electronics firm's new chairman a strong card as he negotiates a big company overhaul prior to forging European alliances.

Thomson's profit rose to 2.12 billion francs (\$349.3 million) last year from 745 million francs in 1996. Sales rose 5 percent to 38.53 billion francs.

Chairman Denis Ranque is negotiating the entry of Alcatel Alsthom SA, Aerospace and Dassault Industries SA into Thomson-CSF's capital in exchange for certain key assets, which will give Thomson extra firepower.

Under a blueprint adopted by the government last year, Alcatel will transfer its space and military communications activities, while Dassault will chip in with assets of the radar and electronic countermeasures specialist Dassault Electronique SA. Aerospace will contribute its satellites.

Thomson is Europe's biggest defense electronics company, in sales terms, and ranks third after Lockheed Martin Corp. and Raytheon Co., but still needs to strike European alliances to stay competitive at the world level. Mr. Ranque said that once the domestic restructuring was over, he would look for European partners.

EU Examines WorldCom-MCI Deal

Compiled by Our Staff From Dispatches

BRUSSELS — The European Commission said Wednesday it had opened an investigation into WorldCom Corp.'s proposed purchase of MCI Communications Corp. because of concerns about the new company's combined market share in supplies of Internet backbone services.

The commission, which plays the role of competition watchdog for the 15-member European Union, has four months to decide whether to clear the deal. Although both companies are based in the United States, the Commission has the power to vet any mergers that could

harm competition in the EU.

MCI Communications and WorldCom said they were confident the commission would approve their deal, which they expect to be completed on schedule in mid-1998.

The commission said its primary concern is the companies' dominant share of the "backbone" networks over which Internet information travels, but said it could not quantify what share of European Internet traffic the combined company would control.

"The commission might be buying time because the Internet has suddenly become a rather sensitive

issue," said John Clarke, an analyst at Daiwa Europe.

In the United States, at least 40 other companies have the infrastructure to carry Internet traffic, Jim Monroe, an MCI spokesman, said. But in Europe, MCI and WorldCom face 75 percent less competition.

While the commission rarely blocks mergers outright, it often imposes conditions on companies to guarantee more competition.

On Wednesday, the commission cleared the \$33 billion merger of Swiss Bank Corp. (Reuters, Bloomberg)

WORLD STOCK MARKETS

Wednesday, March 4

Prices in local currencies.

Amsterdam

High Low Close Prev.

ABN AMRO 46.50 46.70 46.50 46.50

Alcoa 26.80 26.90 26.80 26.80

Alstom 42.50 42.60 42.50 42.50

ASML 42.50 42.60 42.50 42.50

ASR 42.50 42.60 42.50 42.50

Bank of 42.50 42.60 42.50 42.50

Beaumont 42.50 42.60 42.50 42.50

CGM 42.50 42.60 42.50 42.50

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NYSE

Wednesday's 4 P.M. Close
The 2,600 most traded stocks of the day.
National prices not reflecting late trades elsewhere.
The Associated Press.

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

A-B-C									
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

D-E									
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

F-G									
1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

H-I									
1	2	3	4	5	6	7	8	9	10
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41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

J-K									
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61	62	63	64	65	66	67	68	69	70
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12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

L-M									
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51	52	53	54	55	56	57	58	59	60
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MALAYSIA Bullish on Bouncing Back

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

N-O									
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51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

P-Q									
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51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

R-S									
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41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

12 Month High Low Stock Div Yld PE 100 High Low/Lowest Chgs

T-U									
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41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100

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ASIA/PACIFIC

Japan Banks Cut Back as Bailout Beckons

TOKYO — Several Japanese banks said Wednesday they would reduce their work forces and tighten their businesses to qualify for government funding to prop up their weak balance sheets.

To tap into public funds totaling as much as 13 trillion yen (\$103.5 billion), banks need to come up with plans to cut personnel costs, including the number of executives, and reduce the number of their branches.

Dai-ichi Kangyo Bank Ltd. said Wednesday it would reduce its work force by around 10 percent over the next three years beginning April 1. It will also cut its domestic branches by about 10 percent to less than 310 in the same period.

Bank of Tokyo-Mitsubishi Ltd., the world's biggest bank in terms of

assets, said it would cut 1,500 staff and shut about 40 domestic offices in the next three years to qualify for using public funds.

Other Japanese banks, including Sanwa Bank Ltd. and Sakura Bank Ltd., said they would lay off thousands of staff and close branches.

By Wednesday evening, seven of the 18 biggest banks had announced plans to sell preferred shares or bonds to the government to replenish capital depleted through bad-loan write-offs.

Japanese banks are typically heavily staffed and boast large assets, but they bring lower profits than their Western competitors. Tokyo-Mitsubishi alone has more than 18,000 employees.

But analysts were skeptical of the scramble to meet the bailout rules,

saying that the banks should have restructured in those areas regardless of any government program. The analysts said more drastic measures were needed to restore the banks to financial health.

Kouya Hasegawa of Nikko Research Center, said Japanese banks were planning to lower wages of employees and branch numbers because they were required to do so under rules set by the committee, rather than through their own initiative.

Analysts say that many of the banks do not need the money and that the government is making them take it mainly to restore public confidence in a financial system rattled by high-profile bankruptcies, falling profits and scandals.

"I think we've gotten into political theater," said Walter Altherr,

an analyst at Jardine Fleming Securities (Asia) Ltd. "In many cases, the banks are going to be receiving taxpayers' money on terms roughly comparable to what they've gotten in the market. And they're doing this solely because the powers that be are forcing the money upon them."

Some lenders are raising their own funds, even as they take government money.

Sanwa Bank Ltd. last month said it would raise 150 billion yen by selling 50 million preferred shares abroad. That was significant because the government will look at such fund-raising efforts to decide how much to charge banks now.

Other banks, including Sumitomo Bank Ltd., have raised capital overseas by selling preferred securities. (Reuters, AFP, Bloomberg)

Central Bank In Thailand On Defensive

By Thomas Crampton
International Herald Tribune

BANGKOK — The central bank of Thailand on Wednesday denied an accusation that it had been responsible for spending billions of dollars last year in a failed effort to prop up a host of financial institutions.

Ministers of the three-month-old government of Prime Minister Chuan Leekpai spent six hours Tuesday questioning the central bank governor, Chaiyavat Wibulsasdi, trying to determine who authorized spending the money.

"The Ministry of Finance set policy, but day-to-day decisions were made by the Bank of Thailand governors," said Tanya Srivethin, assistant governor of the central bank. "Everything was according to government policy and the Ministry of Finance was informed of all actions."

The bank said that more than 80 percent of the funds had been approved by the government of Prime Minister Chavalit Yongchaiyudh, who resigned in November.

In little more than a year, the central bank built up liabilities of 1.1 trillion baht (\$25.4 billion) — equivalent to one-fifth of the nation's gross domestic product — largely to support financial institutions as panicked depositors withdrew their money.

Analysts said the debate between the new government and the Bank of Thailand was a sign that the nation was opening the management of the economy to more scrutiny. Several ministers recommended reorganizing the bank to institute a more transparent structure.

The money loaned by the central bank was disbursed through the Financial Institutions Development Fund, a separate entity run out of the central bank and led by the governor of the Bank of Thailand.

"At that time, the instability and lack of confidence meant there was systemic risk," Mrs. Tanya said. "With individual institutions unable to pay depositors, the crisis would affect the whole economy."

Much of the money was spent supporting 56 politically powerful finance companies and four commercial banks, all of which the authorities have closed or nationalized in the last six months.

The loans to the banks have been converted into equity for the most part, and all loans extended to the 56 finance companies are tied up until their assets are auctioned off.

On Wednesday, the central bank called a news conference to release statistics concerning the liabilities built up by the Financial Institutions Development Fund.

The statistics showed that the fund had 716.1 billion baht of loans outstanding that were extended to maintain liquidity at commercial banks and finance companies.

Japanese Put Their Trust in Home Safes

TOKYO — Shaken faith in banks and record-low interest rates in Japan have prompted a run on home safes.

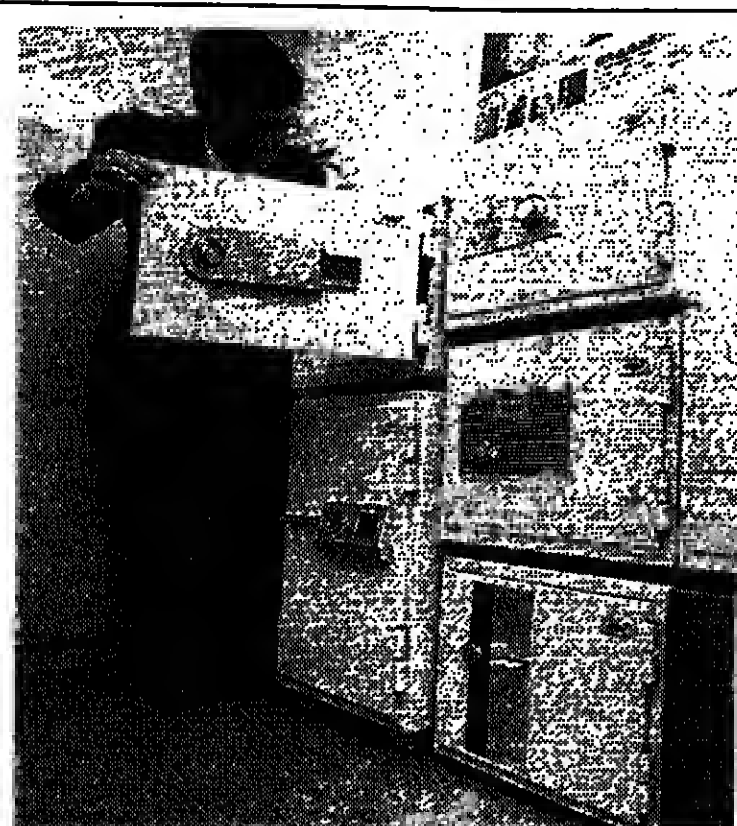
"Demand is so strong right now that all our workers put in at least three hours of overtime every day, and we've had to cancel Saturday vacations as well," said Tsutomu Ishii, a manager at Eiko Yamada, one of Japan's largest makers of safes. "In fact, our machines are pushed right to the limit — we simply can't make any more."

A fresh warning bell sounded for Japan's banking industry Monday, when Fuji Bank Ltd., one of the nation's largest, had its long-term ratings cut to one grade above junk status by a U.S. ratings agency, Standard & Poor's Corp. Confidence in Japan's financial sector has withered since November 1997, when several companies, including giant Yamaichi Securities and Hokkaido Tokai Bank, one of Japan's 10 largest, collapsed.

Many other firms, burdened with a mountain of bad debt, are expected to come under increasing pressure when annual earnings results are released later this spring. "Sales of safes began picking up from around the end of November last year, and there is no doubt this is due to fears about the financial system," said a floor manager at one of Tokyo's largest department stores.

Although he used to sell three to four a month, volume doubled from November on and shot up to 22 in February.

At Eiko Yamada, production rose from 10,000 safes in November to 15,000 in February.



A representative of Eiko Yamada Co., Japan's largest maker of safes, demonstrating one of his company's best-selling models. Safes are selling well because of the economic downturn.

"Profits for calendar 1998 are likely to be up 150 percent over last year," Mr. Ishii said. Bank collapses are not the only fear behind the current boom. Bank interest rates of only 0.5 percent and memories of the devastating Kobe earthquake three years ago are also encouraging people to buy home safes, industry analysts say.

The best-selling models are fireproof and weigh 50 to 100 kilograms, but are about 50 centimeters wide and 40 high — small enough to fit in the tiniest of Japan's famously cramped houses.

The floor manager said most customers were in their 40s to 60s

— "people who finally have a little bit of money to spare" — although some younger people were buying safes as gifts for their parents.

While there is no ceiling on prices for top of the line safes, most buyers refuse to pay much more than 20,000 yen (\$160).

"There's always been a feeling in Japan that nobody can protect your valuables but yourself," Mr. Ishii said, "and this has only gotten stronger after Yamaichi and the other failures."

"You're buying security, but what's best is that you can do it without a huge investment," he added.

Japan's 'Mr. Yen' Denies Charges of Influence Peddling

Bloomberg News

BANGKOK — Eisuke Sakakibara, Japan's deputy finance minister for international affairs, said Wednesday that allegations he abused his authority were groundless and that he would not resign.

Mr. Sakakibara said "there is no evidence" he was involved in any influence peddling as some politicians charged. "I don't think this will have any impact on my career," he said.

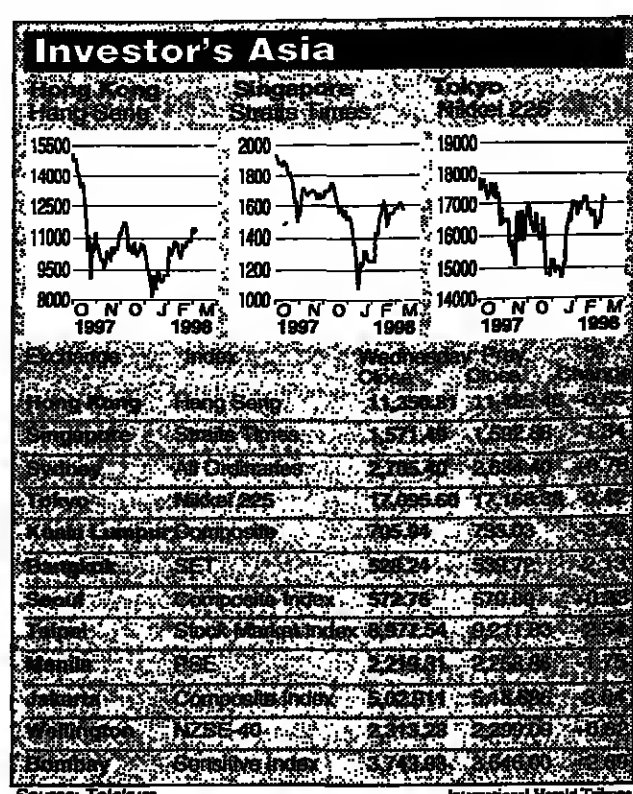
Mr. Sakakibara, touring Southeast Asia to underscore Japan's financial commitment to the financially troubled region, spoke at a press conference at Thailand's Finance Ministry.

He is being investigated by Japan's Ministry of Finance on charges he intervened on behalf of a company to help it recoup losses on investments handled by Daiwa Securities Co. in the early 1990s, Finance Minister Hikaru Matsunaga told Parliament on Tuesday.

The allegations were raised in Parliament by Shozo Kusakawa, an opposition lawmaker who cited his own investigation. "We will investigate, looking at the materials from that time," Mr. Matsunaga said.

Mr. Sakakibara, known as "Mr. Yen" for his influence on the currency markets, has talked up the Japanese currency in recent months. Any diminishing of his role could reduce the effectiveness of that policy.

Toshiro Muto, the ministry's secretary general, told Parliament Tuesday that the ministry investigated the allegations in 1991, when the issue was first raised by legislators. Mr. Muto said the ministry received a report from Daiwa at the time that compensation was paid after the securities company found one of its branch managers made trades without the client's permission.



Very briefly:

- Tokyo prosecutors arrested three former top executives of Yamaichi Securities Co., including the failed brokerage's former chairman and president, on suspicion of violating Japan's securities law. The three men were charged with ordering false securities reports that omitted losses of more than 260 billion yen (\$2.07 billion) last year.
- U.S. trade officials said Japan had failed to meet the two sides' targets for deregulating its restricted markets during high-level talks in Tokyo.
- Japan will appoint a woman, Eiko Shinotsuka, professor of labor economics at Tokyo's Ochanomizu University, for the first time to the policy-making board of the Bank of Japan, news reports said.
- Australia's gross domestic product grew a seasonally adjusted 0.5 percent in the last quarter of 1997, below forecasts of a rise of 0.8 percent.
- Cisco Systems Inc. opened its first overseas networking multimedia laboratory in Taipei to help develop local information and technology industry.
- Digital Equipment Corp. has taken a 51 percent stake in a \$3 million joint venture with START Computer Group of China to make Digital-branded desktops and servers.
- Development Bank of Singapore Ltd. posted a 34.8 percent fall in 1997 net profit, to 436.4 million Singapore dollars (\$268.6 million), saying its bottom line had suffered from large provisions for bad or doubtful loans.
- Compaq Computer Corp. unveiled in Singapore the Deskpro 1000, the first of a series of low-priced but powerful personal computers targeted at crisis-hit Asian economies and emerging markets.
- Mitsubishi Electric Corp. will stop selling desktop personal computers for home use in Japan because of poor sales, and has decided to withdraw from the British home-computer market, Nikkei English News reported. (Reuters, AFP, Bloomberg)

Texas Instruments to Cut Acer Link

TAIPEI — Acer Group said Wednesday that Texas Instruments Inc. planned to pull out of its nine-year memory-chip venture with the Taiwan company because of huge losses.

Acer, with a 49 percent stake in the venture, said it would buy Texas Instruments' 33 percent stake for an undisclosed price. TI-Acer posted a loss of about 4.6 billion Taiwan dollars (\$143.5 million) for 1997 due to a drop in the prices for its sole product, dynamic random-access memory chips.

Announcements

Herald Tribune

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NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
110.00	109.00	IBM	4.8	15.0	110.00	109.00	0.00
100.00	99.00	Microsoft	3.0	18.0	100.00	99.00	0.00
90.00	89.00	Oracle	2.0	20.0	90.00	89.00	0.00
80.00	79.00	Amazon	1.0	25.0	80.00	79.00	0.00
70.00	69.00	Google	0.5	30.0	70.00	69.00	0.00
60.00	59.00	Yahoo	0.2	35.0	60.00	59.00	0.00
50.00	49.00	Alibaba	0.1	40.0	50.00	49.00	0.00
40.00	39.00	Facebook	0.0	45.0	40.00	39.00	0.00
30.00	29.00	Twitter	0.0	50.0	30.00	29.00	0.00
20.00	19.00	LinkedIn	0.0	55.0	20.00	19.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
10.00	9.50	Netflix	0.0	60.0	10.00	9.50	0.00
9.00	8.50	Spotify	0.0	65.0	9.00	8.50	0.00
8.00	7.50	Dropbox	0.0	70.0	8.00	7.50	0.00
7.00	6.50	Slack	0.0	75.0	7.00	6.50	0.00
6.00	5.50	Zoom	0.0	80.0	6.00	5.50	0.00
5.00	4.50	Twilio	0.0	85.0	5.00	4.50	0.00
4.00	3.50	SendGrid	0.0	90.0	4.00	3.50	0.00
3.00	2.50	MailChimp	0.0	95.0	3.00	2.50	0.00
2.00	1.50	HubSpot	0.0	100.0	2.00	1.50	0.00
1.00	0.50	Marketo	0.0	105.0	1.00	0.50	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
1.00	0.80	Paycom	0.0	110.0	1.00	0.80	0.00
0.80	0.60	Workday	0.0	115.0	0.80	0.60	0.00
0.60	0.40	Sage	0.0	120.0	0.60	0.40	0.00
0.40	0.20	NetScout	0.0	125.0	0.40	0.20	0.00
0.20	0.10	CloudMobi	0.0	130.0	0.20	0.10	0.00
0.10	0.05	Blackboard	0.0	135.0	0.10	0.05	0.00
0.05	0.02	Blackboard	0.0	140.0	0.05	0.02	0.00
0.02	0.01	Blackboard	0.0	145.0	0.02	0.01	0.00
0.01	0.00	Blackboard	0.0	150.0	0.01	0.00	0.00
0.00	0.00	Blackboard	0.0	155.0	0.00	0.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
0.00	0.00	Blackboard	0.0	160.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	165.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	170.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	175.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	180.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	185.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	190.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	195.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	200.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	205.0	0.00	0.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
0.00	0.00	Blackboard	0.0	210.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	215.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	220.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	225.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	230.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	235.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	240.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	245.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	250.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	255.0	0.00	0.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
0.00	0.00	Blackboard	0.0	260.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	265.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	270.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	275.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	280.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	285.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	290.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	295.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	300.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	305.0	0.00	0.00	0.00

NYSE

Wednesday's 4 P.M. Close
(Continued)

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
110.00	109.00	IBM	4.8	15.0	110.00	109.00	0.00
100.00	99.00	Microsoft	3.0	18.0	100.00	99.00	0.00
90.00	89.00	Oracle	2.0	20.0	90.00	89.00	0.00
80.00	79.00	Amazon	1.0	25.0	80.00	79.00	0.00
70.00	69.00	Google	0.5	30.0	70.00	69.00	0.00
60.00	59.00	Yahoo	0.2	35.0	60.00	59.00	0.00
50.00	49.00	Alibaba	0.1	40.0	50.00	49.00	0.00
40.00	39.00	Facebook	0.0	45.0	40.00	39.00	0.00
30.00	29.00	Twitter	0.0	50.0	30.00	29.00	0.00
20.00	19.00	LinkedIn	0.0	55.0	20.00	19.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
10.00	9.50	Netflix	0.0	60.0	10.00	9.50	0.00
9.00	8.50	Spotify	0.0	65.0	9.00	8.50	0.00
8.00	7.50	Dropbox	0.0	70.0	8.00	7.50	0.00
7.00	6.50	Slack	0.0	75.0	7.00	6.50	0.00
6.00	5.50	Zoom	0.0	80.0	6.00	5.50	0.00
5.00	4.50	Twilio	0.0	85.0	5.00	4.50	0.00
4.00	3.50	SendGrid	0.0	90.0	4.00	3.50	0.00
3.00	2.50	MailChimp	0.0	95.0	3.00	2.50	0.00
2.00	1.50	HubSpot	0.0	100.0	2.00	1.50	0.00
1.00	0.50	Marketo	0.0	105.0	1.00	0.50	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
1.00	0.80	Paycom	0.0	110.0	1.00	0.80	0.00
0.80	0.60	Workday	0.0	115.0	0.80	0.60	0.00
0.60	0.40	Sage	0.0	120.0	0.60	0.40	0.00
0.40	0.20	NetScout	0.0	125.0	0.40	0.20	0.00
0.20	0.10	CloudMobi	0.0	130.0	0.20	0.10	0.00
0.10	0.05	Blackboard	0.0	135.0	0.10	0.05	0.00
0.05	0.02	Blackboard	0.0	140.0	0.05	0.02	0.00
0.02	0.01	Blackboard	0.0	145.0	0.02	0.01	0.00
0.01	0.00	Blackboard	0.0	150.0	0.01	0.00	0.00
0.00	0.00	Blackboard	0.0	155.0	0.00	0.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
0.00	0.00	Blackboard	0.0	160.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	165.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	170.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	175.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	180.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	185.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	190.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	195.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	200.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	205.0	0.00	0.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
0.00	0.00	Blackboard	0.0	210.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	215.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	220.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	225.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	230.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	235.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	240.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	245.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	250.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	255.0	0.00	0.00	0.00

High	Low	Stock	Div Yld	PE	100% High	Low/Last	Chg
0.00	0.00	Blackboard	0.0	260.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	265.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	270.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	275.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	280.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	285.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	290.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	295.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	300.0	0.00	0.00	0.00
0.00	0.00	Blackboard	0.0	305.0	0.00	0.00	0.00

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